



Susan Combs
Texas Comptroller
of Public Accounts

Annual Financial Report

*For the Year Ended
August 31, 2010*



November 19, 2010

The Honorable Rick Perry, Governor
Mr. John S. O'Brien, Director, Legislative Budget Board
John M. Keel, CPA, State Auditor

Gentlemen:

We are pleased to submit the *Annual Financial Report* for the Comptroller of Public Accounts, the Comptroller's Judiciary Section, the Texas Safekeeping Trust Company and the State Energy Conservation Office for the year ending Aug. 31, 2010, in compliance with TEX. GOV'T CODE ANN §2101.011 and in accordance with the requirements established by the Comptroller.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements — and Management's Discussion and Analysis — for State and Local Governments*, the Comptroller does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the state auditor as part of the audit of the state of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

If you have any questions, please contact Robert Chapa, manager of our Budget and Internal Accounting Division, at robert.chapa@cpa.state.tx.us or 463-4762.

Sincerely,
Susan Combs

cc: Robert Chapa



2010 Annual Financial Report

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Comptroller of Public Accounts (304)

BASIC FINANCIAL STATEMENTS

UNAUDITED
Comptroller of Public Accounts (304)

EXHIBIT I

Combined Balance Sheet/Statement of Net Assets – Governmental Funds

August 31, 2010

	Governmental Fund Type General 0001 U/F (0001), (0369),(3027), (4050)	Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
ASSETS						
Current Assets:						
Cash and Cash Equivalents:						
Cash on Hand	\$ 4,650.00	\$ 4,650.00	\$	\$	\$	\$ 4,650.00
Cash in Bank (Note 3)	25,000.00	25,000.00				25,000.00
Legislative Appropriations	46,874,666.86	46,874,666.86				46,874,666.86
Receivables From:						
Accounts Receivable	43,736.08	43,736.08				43,736.08
Interfund Receivable (Note 12)	45,510.20	45,510.20				45,510.20
Due From Other Agencies (Note 12)	192,728.78	192,728.78				192,728.78
Consumable Inventories	877,808.15	877,808.15				877,808.15
Total Current Assets	<u>48,064,100.07</u>	<u>48,064,100.07</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>48,064,100.07</u>
Non-Current Assets:						
Capital Assets (Note 2):						
Non-Depreciable or Non-Amortizable:						
Other Tangible Capital Assets			3,250.00			3,250.00
Construction in Progress			3,805,909.76			3,805,909.76
Depreciable Assets:						
Furniture and Equipment			8,878,587.95			8,878,587.95
Less Accumulated Depreciation			(6,154,465.14)			(6,154,465.14)
Vehicles, Boats, and Aircraft			301,187.71			301,187.71
Less Accumulated Depreciation			(246,663.44)			(246,663.44)
Amortizable Assets - Intangible:						
Computer Software			12,172,463.42			12,172,463.42
Less Accumulated Amortization:			(6,923,756.89)			(6,923,756.89)
Total Non-Current Assets	<u>0.00</u>	<u>0.00</u>	<u>11,836,513.37</u>	<u>0.00</u>	<u>0.00</u>	<u>11,836,513.37</u>
Total Assets	<u>\$ 48,064,100.07</u>	<u>\$ 48,064,100.07</u>	<u>\$ 11,836,513.37</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 59,900,613.44</u>
LIABILITIES AND FUND BALANCES						
Current Liabilities:						
Payables From:						
Vouchers Payable	\$ 1,679,996.76	\$ 1,679,996.76	\$	\$	\$	\$ 1,679,996.76
Accounts Payable	864.01	864.01				864.01
Payroll Payable	17,571,792.40	17,571,792.40				17,571,792.40
Interfund Payable (Note 12)	45,510.20	45,510.20				45,510.20
Employees' Compensable Leave (Note 5)				10,889,650.88		10,889,650.88
Capital Lease Obligations (Note 7)				700,000.00		700,000.00
Total Current Liabilities	<u>19,298,163.37</u>	<u>19,298,163.37</u>	<u>0.00</u>	<u>11,589,650.88</u>	<u>0.00</u>	<u>30,887,814.25</u>
Non-Current Liabilities:						
Employees' Compensable Leave (Note 5)				8,259,374.34		8,259,374.34
Capital Lease Obligations (Note 7)				5,740,009.00		5,740,009.00
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>13,999,383.34</u>	<u>0.00</u>	<u>13,999,383.34</u>
Total Liabilities	<u>19,298,163.37</u>	<u>19,298,163.37</u>	<u>0.00</u>	<u>25,589,034.22</u>	<u>0.00</u>	<u>44,887,197.59</u>
FUND FINANCIAL STATEMENT						
Fund Balances (Deficits):						
Reserved for:						
Encumbrances	14,269,588.00	14,269,588.00				14,269,588.00
Consumable Inventories	877,808.15	877,808.15				877,808.15
Imprest Accounts	29,650.00	29,650.00				29,650.00
Unreserved/Designated for:						
Undesignated	13,588,890.55	13,588,890.55				13,588,890.55
Total Fund Balances	<u>28,765,936.70</u>	<u>28,765,936.70</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>28,765,936.70</u>
Total Liabilities and Fund Balances	<u>\$ 48,064,100.07</u>	<u>\$ 48,064,100.07</u>				
GOVERNMENT-WIDE STATEMENT OF NET ASSETS						
Net Assets						
Invested in Capital Assets						
Net of Related Debt			11,836,513.37			11,836,513.37
Restricted for:						
Employee Benefits				(19,149,025.22)		(19,149,025.22)
Capital Lease Obligations				(6,440,009.00)		(6,440,009.00)
Total Net Assets			<u>\$ 11,836,513.37</u>	<u>\$ (25,589,034.22)</u>	<u>\$ 0.00</u>	<u>\$ 15,013,415.85</u>

The accompanying notes to the financial statements are an integral part of this statement.

UNAUDITED
Comptroller of Public Accounts (304)

EXHIBIT II

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities – Governmental Funds

For the Fiscal Year Ended August 31, 2010

	Governmental Fund Type General 0001 U/F (0001), (0369), (3027), (4050)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
REVENUES						
Legislative Appropriations:						
Original Appropriations	\$ 225,404,918.00	\$ 225,404,918.00	\$	\$	\$	\$ 225,404,918.00
Additional Appropriations	48,129,761.07	48,129,761.07				48,129,761.07
Federal Pass-Thru Revenue (Sched. 1A)	3,380,684.14	3,380,684.14				3,380,684.14
State Grant Pass-Thru Revenue (Sched. 1B)	1,375,000.00	1,375,000.00				1,375,000.00
Interest Income	1,728.56	1,728.56				1,728.56
Licenses, Fees and Permits	1,584,338.41	1,584,338.41				1,584,338.41
Sales of Goods and Services	21,104,873.65	21,104,873.65				21,104,873.65
Other	129,537.69	129,537.69				129,537.69
Total Revenues	<u>301,110,841.52</u>	<u>301,110,841.52</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>301,110,841.52</u>
EXPENDITURES						
Salaries and Wages	172,080,049.89	172,080,049.89		(479,480.75)		171,600,569.14
Payroll Related Costs	46,999,247.83	46,999,247.83				46,999,247.83
Professional Fees and Services	15,077,271.58	15,077,271.58				15,077,271.58
Travel	4,898,994.28	4,898,994.28				4,898,994.28
Materials and Supplies	6,709,062.25	6,709,062.25				6,709,062.25
Communication and Utilities	3,053,676.49	3,053,676.49				3,053,676.49
Repairs and Maintenance	12,444,869.55	12,444,869.55				12,444,869.55
Rentals and Leases	14,234,621.21	14,234,621.21				14,234,621.21
Printing and Reproduction	1,949,011.93	1,949,011.93				1,949,011.93
Claims and Judgements	487,500.00	487,500.00				487,500.00
Other Expenditures	6,418,414.65	6,418,414.65				6,418,414.65
Capital Outlay (Note 2)	11,800,372.39	11,800,372.39	(11,800,372.39)	(1,455,999.89)		(1,455,999.89)
Depreciation and Amortization Expense			2,158,909.96			2,158,909.96
Total Expenditures/Expenses	<u>296,153,092.05</u>	<u>296,153,092.05</u>	<u>(9,641,462.43)</u>	<u>(1,935,480.64)</u>	<u>0.00</u>	<u>284,576,148.98</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,957,749.47</u>	<u>4,957,749.47</u>	<u>9,641,462.43</u>	<u>1,935,480.64</u>	<u>0.00</u>	<u>16,534,692.54</u>
OTHER FINANCING SOURCES (USES)						
Other Cash Transfers Out (Note 12)	(1,080.00)	(1,080.00)				(1,080.00)
Sale of Capital Assets	1,080.00	1,080.00				1,080.00
Increase in Obligations Under Capital Leases (Note 7)				(7,896,008.89)		(7,896,008.89)
Gain/(Loss) on Sale of Capital Assets			(1,020.12)			(1,020.12)
Inc (Dec) in Net Assets Due to Interagency Transfer			392,045.33			392,045.33
Total Other Financing Sources and Uses	<u>0.00</u>	<u>0.00</u>	<u>391,025.21</u>	<u>(7,896,008.89)</u>	<u>0.00</u>	<u>(7,504,983.68)</u>
Net Change in Fund Balances/Net Assets	<u>4,957,749.47</u>	<u>4,957,749.47</u>	<u>10,032,487.64</u>	<u>(5,960,528.25)</u>	<u>0.00</u>	<u>9,029,708.86</u>
FUND FINANCIAL STATEMENT – FUND BALANCES						
Fund Balances – Beginning	23,809,798.68	23,809,798.68				23,809,798.68
Restatements (Note 14)	(1,611.45)	(1,611.45)				(1,611.45)
Fund Balances, September 1, 2009, as Restated	<u>23,808,187.23</u>	<u>23,808,187.23</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>23,808,187.23</u>
Fund Balances – August 31, 2010	<u>\$ 28,765,936.70</u>	<u>\$ 28,765,936.70</u>	<u>\$ 10,032,487.64</u>	<u>\$ (5,960,528.25)</u>	<u>\$ 0.00</u>	<u>\$ 32,837,896.09</u>
GOVERNMENT-WIDE STATEMENT OF NET ASSETS						
Change in Net Assets		\$ 28,765,936.70	\$ 10,032,487.64	\$ (5,960,528.25)	\$	\$ 32,837,896.09
Net Assets-Beginning Restatements			1,804,025.73	(19,628,505.97)		(17,824,480.24)
Net Assets, September 1, 2009, as Restated and Adjusted			<u>1,804,025.73</u>	<u>(19,628,505.97)</u>	<u>0.00</u>	<u>(17,824,480.24)</u>
Net Assets as of August 31, 2010		<u>\$ 28,765,936.70</u>	<u>\$ 11,836,513.37</u>	<u>\$(25,589,034.22)</u>	<u>\$ 0.00</u>	<u>\$ 15,013,415.85</u>

The accompanying notes to the financial statements are an integral part of this statement.

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

ENTITY

The Comptroller of Public Accounts is an agency of the State of Texas.

The Comptroller's financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts' Reporting Requirements for State Agencies.

The Comptroller's office has three major statutory duties. First, the Comptroller serves as the state's primary tax collector, responsible for collecting most major state taxes. Second, the Comptroller is the state's chief accountant, responsible for writing the state's checks and monitoring all spending by state agencies. Third, the Comptroller is the state's official revenue estimator, responsible for issuing an estimate of revenues that will be available to the state over the upcoming two-year budget period.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No.34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report (CAFR); therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

This section of the report includes only those funds and accounts from which the Comptroller's own departmental activities are financed. The fiscal functions of the Comptroller's office are reported in separate sections of this report.

There are no component units in which the Comptroller of Public Accounts is financially accountable or any organization in which exclusion would create misleading or incomplete financial statements.

FUND STRUCTURE

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity.

GOVERNMENTAL FUND TYPES & GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

General Fund (GAAP Fund Type 01)

The General Revenue Fund (Fund 0001) is the principle operating fund used to account for most of the state's general activities. It accounts for all financial resources except those required to be accounted for in other funds. The Federal American Recovery and Reinvestment Act (ARRA), Fund 0369, is the operating fund used to account for federal stimulus program funds received by the state.

Capital Assets Adjustment Fund Type

The Capital Assets Adjustment Fund (Fund 9998) will be used to convert governmental fund types' capital assets from modified accrual to full accrual.

Long-Term Liabilities Adjustment Fund Type

The Long-Term Liabilities Adjustment Fund (Fund 9997) will be used to convert governmental fund types' debt from modified accrual to full accrual.

FIDUCIARY FUND TYPES

Agency Funds

Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. They are as follows: Unappropriated General Revenue (Fund 1000), Direct Deposit Correction Account (Fund 0980), Texasaver 401K plan (Fund 0942), Savings Bond Account (Fund 0901), Departmental Suspense (Fund 0900), TPASS Postage (Fund 0999), and Child Support Employee Deductions (Fund 8070).

BASIS OF ACCOUNTING

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental fund types that build the fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year-end. The State of Texas considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for fund financial statements prepared on the modified accrual basis. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Governmental adjustment fund types that will build the government-wide financial statements are accounted for using the full accrual basis of accounting. This includes capital assets, accumulated depreciation/amortization, unpaid Employee Compensable Leave, and capital leases. The activity is recognized in these fund types.

BUDGET AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). Encumbrance accounting is employed for budgetary control purposes.

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated, unless the agency has authority to retain unexpended balances for use in future periods.

ASSETS, LIABILITIES, AND FUND BALANCES / NET ASSETS

ASSETS

Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Current Receivables – Other

Other receivables include year-end revenue accruals. This account appears in governmental fund types.

Inventories

Consumable inventories include supplies and postage on hand at year-end. Inventories are valued at cost, generally utilizing the last-in, first-out method. The consumption method of accounting is used to account for inventories and prepaid items that appear in the governmental fund types. The cost of these items is expensed when the items are consumed.

Capital Assets

Tangible Assets

Tangible assets include assets such as Furniture, Fixtures, Equipment and Vehicles. Tangible assets with an initial individual unit cost of more than \$5,000 and an estimated useful life in excess of one fiscal year are capitalized. These assets are capi-

talized at cost or, if not purchased, at appraised fair market value as of the date of acquisition. Purchases of assets by government funds are reported as expenditures.

Depreciation is reported on all “exhaustible” assets. Tangible assets are depreciated over the estimated useful life of the asset using the straight line method. Assets such as works of art or historical treasures are considered “inexhaustible” and are not depreciated.

Intangible Assets

Intangible assets include assets such as purchased or developed software. These are assets that lack in physical substance, are nonfinancial in nature and have an estimated useful life of more than one fiscal year.

Internally generated computer software with a total cost of more than \$1,000,000 or greater is capitalized. Purchased computer software is capitalized, if the aggregate cost of the software purchased, is greater than \$100,000.

Intangible software assets are amortized on an annual basis over the estimated useful life of the software using a straight line method.

Intangible software assets are reported using guidance from GASB Statement 51, *Accounting and Financial Reporting for Intangible Assets*, effective for the state of Texas as of September 1, 2009.

LIABILITIES

Accounts Payable

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Employees' Compensable Leave Balances

Employees' Compensable Leave Balances represent the liability that becomes “due” upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the statement of net assets.

Capital Lease Obligations

Capital lease obligations represent the liability for future lease payments under capital lease contracts contingent upon the appropriation of funding by the Legislature. Liabilities are reported separately as either current or noncurrent in the statement of net assets.

FUND BALANCE/NET ASSETS

The difference between fund assets and liabilities is ‘Net Assets’ on the government-wide, proprietary and fiduciary fund statements, and the ‘Fund Balance’ is the difference between fund assets and liabilities on the governmental fund statements.

Fund balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use or not available for expenditure.

Reserved for Encumbrances

This represents commitments of the value of contracts awarded or assets ordered prior to year-end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

Reserved for Consumable Inventories

This represents the amount of supplies, postage and prepaid assets held to be used in the next fiscal year.

Reserved for Imprest Accounts

This represents the balance of the travel advance account in the amount of \$25,000.00, and the petty cash accounts, in the amounts of \$150.00 each, held at the various offices.

UNAUDITED
Comptroller of Public Accounts (304)

Invested in Capital Assets, Net of Related Debt

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bond, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Unreserved/Undesignated

This represents the funds that can be carried forward for future operations.

INTERFUND ACTIVITIES AND BALANCES

The Comptroller's office has the following types of transactions between funds:

- (1) Transfers: Legally required transfers that are reported when incurred as 'Transfers In' by the recipient fund and as 'Transfers Out' by the disbursing fund.
- (2) Reimbursements: Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.
- (3) Interfund receivables and payables: Interfund loans are reported as interfund receivables and payables. If repayment is due during the current year or soon thereafter, the balance is classified as "current". Balances for repayment due in two (or more) years are classified as "noncurrent."
- (4) Other Interfund Activity: The composition of the agency's Interfund activities and balances are presented in Note 12.

NOTE 2: Capital Assets

Revenue received from the sale of surplus property has been transferred to Unappropriated General Revenue in accordance with HB7, Section 20.

A summary of changes in capital assets for the year ended August 31, 2010, is presented below:

	PRIMARY GOVERNMENT							Balance 8/31/10
	Balance 9/1/09	Adjustments	Completed CIP	Increase Int'agy Trans	Decrease Int'agy Trans	Additions	Deletions	
GOVERNMENTAL ACTIVITIES								
Other Tangible Capital Assets	\$ 3,250.00	\$	\$	\$	\$	\$	\$	\$ 3,250.00
Construction in Progress				365,706.77		3,440,202.99		3,805,909.76
Total Non-Depreciable/ Non-Amortizable Assets:	3,250.00	0.00	0.00	365,706.77	0.00	3,440,202.99	0.00	3,809,159.76
Depreciable Assets								
Furniture and Equipment	16,540,722.15	(6,694,248.65)		1,355,250.00		2,825,528.23	(5,148,663.78)	8,878,587.95
Vehicles, Boats & Aircraft	276,279.71			28,642.60		16,426.40	(20,161.00)	301,187.71
Total Depreciable Assets	16,817,001.86	(6,694,248.65)	0.00	1,383,892.60	0.00	2,841,954.63	(5,168,824.78)	9,179,775.66
Less Accumulated Depreciation for:								
Furniture and Equipment	(14,785,110.61)	5,515,199.75		(1,332,662.50)		(699,535.44)	5,147,643.66	(6,154,465.14)
Vehicles, Boats & Aircraft	(231,115.52)			(24,891.54)		(10,817.38)	20,161.00	(246,663.44)
Total Accumulated Depreciation	(15,016,226.13)	5,515,199.75	0.00	(1,357,554.04)	0.00	(710,352.82)	5,167,804.66	(6,401,128.58)
Amortizable Assets – Intangible								
Computer Software		6,694,248.65				5,518,214.77	(40,000.00)	12,172,463.42
Total Amortizable Assets – Intangible	0.00	6,694,248.65	0.00	0.00	0.00	5,518,214.77	(40,000.00)	12,172,463.42
Less Accumulated Amortization for:								
Computer Software		(5,515,199.75)				(1,448,557.14)	40,000.00	(6,923,756.89)
	0.00	(5,515,199.75)	0.00	0.00	0.00	(1,448,557.14)	40,000.00	(6,923,756.89)
Depreciable/Amortizable Assets, Net	1,800,775.73	0.00	0.00	26,338.56	0.00	6,201,259.44	(1,020.12)	8,027,353.61
Total Governmental Activities	\$ 1,804,025.73	\$ 0.00	\$ 0.00	\$ 392,045.33	\$ 0.00	\$ 9,641,462.43	\$ (1,020.12)	\$ 11,836,513.37

NOTE 3: Deposits, Investments and Repurchase Agreements

The Comptroller of Public Accounts is authorized by statute to make investments following the “prudent person rule.” There were no significant violations of legal provisions during the period.

Deposits of Cash in Bank

As of August 31, 2010, the carrying amount of deposits was \$25,000, as presented below:

- A. The carrying amount of \$25,000 for Cash in Bank represents the Comptroller’s travel advance fund.
- B. The bank balance of the Comptroller’s Office has been classified according to the following risk categories:
 1. **Category 1**—Insured or collateralized with securities held by the governmental entity or by its agent in the name of the governmental entity.
 2. **Category 2**—Collateralized with securities held by the pledging financial institution’s trust department or agent in the agency’s name.
 3. **Category 3** – Uncollateralized (which would include any deposits collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the governmental entity’s name).

Governmental and Business Type Activities Cash In Bank – Carrying Amount				
Category 1	Category 2	Category 3	Bank Balance	(Exh. I) Carrying Amount
\$ 25,000.00	\$ 0.00	\$ 0.00	\$ 25,000.00	\$ 25,000.00
Consisting of the following :				
Governmental Funds Current Assets Cash In Bank				25,000.00
Total Cash in Bank (Exh 1)				<u>\$ 25,000.00</u>

NOTE 4: Short-Term Debt

(Not Applicable)

NOTE 5: Long-Term Liabilities

Changes In Long-Term Liabilities

During the year ended August 31, 2010, the following changes occurred in liabilities reported in the general long-term liability account group.

Governmental Activities	Balance Sept. 1, 2009	Additions	Reductions	Balance Aug. 31, 2010	Amounts Due Within One Year
Capital Lease Obligations	\$	\$ 7,896,008.89	\$ (1,455,999.89)	\$ 6,440,009.00	\$ 700,000.00
Compensable Leave	19,628,505.97	15,908,446.11	(16,387,926.86)	19,149,025.22	10,889,650.88
Total Governmental Activities	<u>\$ 19,628,505.97</u>	<u>\$ 23,804,455.00</u>	<u>\$ (17,843,926.75)</u>	<u>\$ 25,589,034.22</u>	<u>\$ 11,589,650.88</u>

Capital Lease Obligations

This is the capital lease obligation that was in place as of 8/31/2010, which is presented in Note 7.

Employees' Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from State employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the statement of net assets. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

NOTE 6: Bonded Indebtedness

(Not Applicable)

NOTE 7: Capital Leases

Included in the expenditures reported in the financial statements are the following amounts paid under capital leases.

Fund Type 01	Amount
General – Capital Lease	\$ 1,455,999.89
Total	<u>\$ 1,455,999.89</u>

Future minimum capital lease payments under capital leases having an initial term in excess of one year are as follows:

Year Ended August 31, 2010	
2011	\$ 700,000.00
2012	2,140,009.00
2013	2,000,000.00
2014	1,600,000.00
Total Minimum Future Payments	<u>\$ 6,440,009.00</u>

This note only includes capital lease obligations in place at year-end.

NOTE 8: Operating Leases

Included in the expenditures reported in the financial statements are the following amounts of rent paid or due under operating leases:

Fund Type 01	Amount
General – Rent Paid	\$ 3,103,053.34
General – Operating Leases	7,787,000.87
Total	<u>\$ 10,890,054.21</u>

Future minimum rental payments under operating leases having an initial term in excess of one year are as follows:

Year Ended August 31, 2010	
2011	\$ 10,077,304.40
2012	8,628,057.19
2013	5,093,740.05
2014	2,969,173.52
2015	1,613,940.21
2016 thru 2020	1,931,580.66
Total Minimum Future Lease Rental Payments	<u>\$ 30,313,796.03</u>

This note only includes lease and contract obligations in place at year-end.

NOTE 9: Retirement Plans

(Not Applicable)

NOTE 10: Deferred Compensation

(Not Applicable)

NOTE 11: Post Employment Health Care and Life Insurance Benefits

(Not Applicable)

NOTE 12: Interfund Activity and Transactions

As explained in Note 1 on Interfund Activities and Balances, there are numerous transactions between funds and agencies. At year-end amounts to be received or paid are reported as:

- Interfund Receivables or Interfund Payables
- Due From Other Agencies or Due To Other Agencies
- Due From Other Funds or Due To Other Funds
- Transfers In or Transfers Out
- Legislative Transfers In or Legislative Transfers Out

The agency experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statement.

Individual balances and activity at August 31, 2010, follows:

	Due From Other Agencies	Due To Other Agencies	Source
GENERAL REVENUE (01)			
Agency 315, D23 Fund 0892	\$ 122,591.71	\$	Payroll and Supplies
Agency 315, D23 Fund 2892	2,786.94		Payroll and Supplies
Agency 315, D23 Fund 4892	16,759.73		Payroll and Supplies
Agency 907, D23 Fund 0226	7,617.64		Consumable Supplies
Agency 907, D23 Fund 0505	2,224.27		Consumable Supplies
Agency 907, D23 Fund 0510	908.09		Consumable Supplies
Agency 781, D23 Fund 0369	39,840.40		Payroll & other expenses
Total Due From/To Other Agencies (Exh I)	<u>\$ 192,728.78</u>	<u>\$ 0.00</u>	
	Transfer In	Transfer Out	Source
GENERAL REVENUE (01)			
Agency 902, D23 Fund 0001	\$	\$ 1,080.00	Transfer Out from sale of asset
Total Transfer In/Out (Exh II)	<u>\$ 0.00</u>	<u>\$ 1,080.00</u>	
	Current Interfund Receivable	Current Interfund Payable	Source
GENERAL REVENUE (01)			
Agency 304, D23 Fund 0001	\$	\$ (5,708.81)	Payroll Expenses
Agency 304, D23 Fund 4050	5,708.81		Payroll Expenses
Agency 304, D23 Fund 0001	32,578.93		Payroll Expenses
Agency 304, D23, Fund 2000	7,222.46		Benefit Expenses
Agency 304, D23 Fund 0369		(39,801.39)	Payroll & Benefit Expenses
	<u>\$ 45,510.20</u>	<u>\$ (45,510.20)</u>	

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustments to Fund Balance/Net Assets

Beginning Fund Balance	\$ 23,809,798.68
Restatement for Prior Year BRP	(13.67)
Restatement for Prior Year Deletions	280.78
Restatement for Prior Year Default Balances	(1,794.19)
Restatement for Change in Net Cash	(150.00)
Restatement for Other Adjustments	65.63
Net Restatement	<u>(1,611.45)</u>
Beginning Fund Balance as Restated	<u>\$ 23,808,187.23</u>

NOTE 15: Contingencies and Commitments

(Not Applicable)

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

(Not Applicable)

NOTE 18: Management Discussion and Analysis

No material accounting events occurred in the Comptroller of Public Accounts for fiscal year 2010.

NOTE 19: The Financial Reporting Entity

(Not Applicable)

NOTE 20: Stewardship, Compliance and Accountability

This report reflects the Comptroller's operating transactions in the State's General Revenue Fund.

The activities of the Comptroller's Judiciary Section (241), The Comptroller's Treasury Fiscal (311), the Comptroller's State Energy Conservation Office (SECO) (907), the Comptroller-State Fiscal (902), and the Texas Treasury Safekeeping Trust Company (930) are reported in separate sections of this report.

The activities of the Texas Prepaid Higher Education Tuition Board (315) are presented in a separate report.

NOTE 21: Not Applicable to the AFR

(Not Applicable)

NOTE 22: Donor-Restricted Endowments

(Not Applicable)

NOTE 23: Extraordinary and Special Items

(Not Applicable)

NOTE 24: Disaggregation of Receivable and Payable Balances

(Not Applicable)

NOTE 25: Termination Benefits

(Not Applicable)

NOTE 26: Segment Information

(Not Applicable)

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

UNAUDITED
Comptroller of Public Accounts (304)

EXHIBIT J-1

Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2010

	Beginning Balance September 1, 2009	Additions	Deductions	Ending Balance August 31, 2010
UNAPPROPRIATED RECEIPTS				
General Revenue Fund (0001) U/F (1000)				
ASSETS				
Current				
Cash in State Treasury	\$ 0.00	\$ 9,395,335.26	\$ 9,395,335.26	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 9,395,335.26</u>	<u>\$ 9,395,335.26</u>	<u>\$ 0.00</u>
LIABILITIES				
Current				
Accounts Payable	\$ (1,426.90)	\$ 11,642.62	\$ 11,896.91	\$ (1,681.19)
Funds Held for Others	1,426.90	9,395,335.26	9,395,080.97	1,681.19
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 9,406,977.88</u>	<u>\$ 9,406,977.88</u>	<u>\$ (0.00)</u>
Suspense Fund (0900) U/F (9015) (9016)				
ASSETS				
Current				
Cash in State Treasury	\$ 490.80	\$ 11,610.38	\$ 12,101.18	\$ 0.00
Total Assets	<u>\$ 490.80</u>	<u>\$ 11,610.38</u>	<u>\$ 12,101.18</u>	<u>\$ 0.00</u>
LIABILITIES				
Current				
Funds Held for Others	\$ 490.80	\$ 11,610.38	\$ 12,101.18	\$ 0.00
Total Liabilities	<u>\$ 490.80</u>	<u>\$ 11,610.38</u>	<u>\$ 12,101.18</u>	<u>\$ 0.00</u>
Employees Savings Bond Account (0901) U/F (0901)				
ASSETS				
Current				
Cash in State Treasury	\$ 8,056.25	\$ 68,816.25	\$ 69,956.25	\$ 6,916.25
Total Assets	<u>\$ 8,056.25</u>	<u>\$ 68,816.25</u>	<u>\$ 69,956.25</u>	<u>\$ 6,916.25</u>
LIABILITIES				
Current				
Accounts Payable	\$ 0.00	\$ 67,900.00	\$ 67,900.00	\$ 0.00
Funds Held for Others	8,056.25	68,816.25	69,956.25	6,916.25
Total Liabilities	<u>\$ 8,056.25</u>	<u>\$ 136,716.25</u>	<u>\$ 137,856.25</u>	<u>\$ 6,916.25</u>
Texasaver – 401K (0942) U/F (0942)				
ASSETS				
Current				
Cash in State Treasury	\$ 0.00	\$ 6,129,262.30	\$ 6,129,262.30	\$ 0.00
Accounts Receivables, Net	0.00	6,686,498.75	6,686,498.75	0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 12,815,761.05</u>	<u>\$ 12,815,761.05</u>	<u>\$ 0.00</u>
LIABILITIES				
Current				
Funds Held for Others	\$ 0.00	\$ 6,686,498.75	\$ 6,686,498.75	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 6,686,498.75</u>	<u>\$ 6,686,498.75</u>	<u>\$ 0.00</u>

Concluded on the following page

UNAUDITED
Comptroller of Public Accounts (304)

EXHIBIT J-1 (concluded)

Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2010

	Beginning Balance September 1, 2009	Additions	Deductions	Ending Balance August 31, 2010
Direct Deposit Correction (0980) U/F (0980) (9014)				
ASSETS				
Current				
Cash in State Treasury	\$ 0.00	\$ 25,199.48	\$ 25,199.48	\$ 0.00
Total Assets	<u>\$ 0.00</u>	<u>\$ 25,199.48</u>	<u>\$ 25,199.48</u>	<u>\$ 0.00</u>
LIABILITIES				
Current				
Funds Held for Others	\$ 0.00	\$ 25,199.48	\$ 25,199.48	\$ 0.00
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 25,199.48</u>	<u>\$ 25,199.48</u>	<u>\$ 0.00</u>
TPASS Postage Fund (0999) U/F (0999)				
ASSETS				
Current				
Consumable Inventories	\$ 0.00	\$ 120,411.00	\$ 0.00	\$ 120,411.00
Other Current Assets	357,519.70	0.00	0.00	357,519.70
Total Assets	<u>\$ 357,519.70</u>	<u>\$ 120,411.00</u>	<u>\$ 0.00</u>	<u>\$ 477,930.70</u>
LIABILITIES				
Current				
Funds Held for Others	\$ 357,519.70	\$ 120,411.00	\$ 0.00	\$ 477,930.70
Total Liabilities	<u>\$ 357,519.70</u>	<u>\$ 120,411.00</u>	<u>\$ 0.00</u>	<u>\$ 477,930.70</u>
Child Support Employ Deduct – Offset Acct Fund (0807) U/F (8070)				
ASSETS				
Current				
Cash in State Treasury	\$ 36,603.69	\$ 552,021.87	\$ 542,667.93	\$ 45,957.63
Total Assets	<u>\$ 36,603.69</u>	<u>\$ 552,021.87</u>	<u>\$ 542,667.93</u>	<u>\$ 45,957.63</u>
LIABILITIES				
Current				
Accounts Payable	\$ 0.00	\$ 506,064.24	\$ 506,064.24	\$ 0.00
Funds Held for Others	36,603.69	552,021.87	542,667.93	45,957.63
Total Liabilities	<u>\$ 36,603.69</u>	<u>\$ 1,058,086.11</u>	<u>\$ 1,048,732.17</u>	<u>\$ 45,957.63</u>
Totals – All Agency Funds				
ASSETS				
Current				
Cash in State Treasury	\$ 45,150.74	\$ 16,182,245.54	\$ 16,174,522.40	\$ 52,873.88
Accounts Receivables, Net	0.00	6,686,498.75	6,686,498.75	0.00
Consumable Inventories	0.00	120,411.00	0.00	120,411.00
Other Current Assets	357,519.70	0.00	0.00	357,519.70
Total Assets	<u>\$ 402,670.44</u>	<u>\$ 22,989,155.29</u>	<u>\$ 22,861,021.15</u>	<u>\$ 530,804.58</u>
LIABILITIES				
Current				
Accounts Payable	\$ (1,426.90)	\$ 585,606.86	\$ 585,861.15	\$ (1,681.19)
Funds Held for Others	404,097.34	16,859,892.99	16,731,504.56	532,485.77
Total Liabilities	<u>\$ 402,670.44</u>	<u>\$ 17,445,499.85</u>	<u>\$ 17,317,365.71</u>	<u>\$ 530,804.58</u>

The accompanying notes of the financial statements are an integral part of this statement.

SUPPLEMENTARY SCHEDULES

UNAUDITED
Comptroller of Public Accounts (304)

SCHEDULE 1A

Schedule of Expenditures of Federal Awards – ARRA

For the Fiscal Year Ended August 31, 2010

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Agy/ Univ. #	Pass-Through From		Direct Program Amount	Total PT From & Direct Program
			Agencies or Univ. Amount	Non-State Entities Amount		
U.S. Department of Education/Texas Higher Education						
Coordinating Board Direct Program:						
State Fiscal Stabilization Fund, GS Recovery Act	84.397	781	\$ 3,380,684.14	\$	\$	\$ 3,380,684.14
Total State Fiscal Stabilization Fund, GS Recovery Act (Exh. II)			<u>3,380,684.14</u>	<u>0.00</u>	<u>0.00</u>	<u>3,380,684.14</u>
Total U.S. Department of Education/Texas Higher						
Education Coordinating Board			<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

The accompany notes to the financial statements are an integral part of this statement.

UNAUDITED
Comptroller of Public Accounts (304)

Agy/ Univ. #	Pass-Through To		Expenditures Amount	Total PT To & Expenditures
	Agencies or Univ. Amount	Non-State Entities Amount		
	\$	\$	\$ 3,380,684.14	\$ 3,380,684.14
	0.00	0.00	3,380,684.14	3,380,684.14
	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00

UNAUDITED
Comptroller of Public Accounts (304)

SCHEDULE 1B

Schedule of State Grant Pass-Throughs From/To State Agencies

For the Fiscal Year Ended August 31, 2010

Pass-Through From	Grant ID	Agency Number	Amount
Foundation School Program (FSP) – Formula	701.0015		
Texas Education Agency		701	<u>\$ 1,375,000.00</u>
			<u>1,375,000.00</u>
Total Pass-Through from Other Agencies (Exh. II)			<u><u>\$ 1,375,000.00</u></u>

The accompany notes to the financial statements are an integral part of this statement.

Comptroller Judiciary Section (241)

BASIC FINANCIAL STATEMENTS

UNAUDITED
Comptroller Judiciary Section (241)

EXHIBIT I

Combined Balance Sheet/Statement of Net Assets – Governmental Funds

August 31, 2010

	General Funds (Exh A-1)	Special Revenue Funds (Exh B-1)	Governmental Funds Total	Capital Assets Adjustments
ASSETS				
Current Assets:				
Cash				
In State Treasury	\$	\$ 15,531,865.58	\$ 15,531,865.58	\$
Legislative Appropriations	33,876,596.00		33,876,596.00	
Due From Other Agencies (Note 12)	1,954,583.26	15,621,939.30	17,576,522.56	
Total Current Assets	<u>35,831,179.26</u>	<u>31,153,804.88</u>	<u>66,984,984.14</u>	<u>0.00</u>
Non-Current Assets:				
Total Non-Current Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Assets	<u>\$ 35,831,179.26</u>	<u>\$ 31,153,804.88</u>	<u>\$ 66,984,984.14</u>	<u>\$ 0.00</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts	\$	\$	\$	\$
Payroll	8,247,470.92		8,247,470.92	
Due To Other Agencies (Note 12)		2,524,685.77	2,524,685.77	
Total Current Liabilities	<u>8,247,470.92</u>	<u>2,524,685.77</u>	<u>10,772,156.69</u>	<u>0.00</u>
Non-Current Liabilities:				
Other Non-Current Liabilities				
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>8,247,470.92</u>	<u>2,524,685.77</u>	<u>10,772,156.69</u>	<u>0.00</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances (Deficits):				
Reserved for:				
Encumbrances	4,022,355.94	1,013,565.96	5,035,921.90	
Unreserved Designated for:				
Other	23,561,352.40	27,615,553.15	51,176,905.55	
Undesignated				
Total Fund Balances	<u>27,583,708.34</u>	<u>28,629,119.11</u>	<u>56,212,827.45</u>	<u>0.00</u>
Total Liabilities and Fund Balances	<u>\$ 35,831,179.26</u>	<u>\$ 31,153,804.88</u>	<u>\$ 66,984,984.14</u>	<u>\$ 0.00</u>

The accompanying notes to the financial statements are an integral part of this statement.

UNAUDITED
Comptroller Judiciary Section (241)

Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
\$	\$	\$ 15,531,865.58
		33,876,596.00
		17,576,522.56
0.00	0.00	66,984,984.14
0.00	0.00	0.00
\$ 0.00	\$ 0.00	\$ 66,984,984.14
\$	\$	\$
		8,247,470.92
		2,524,685.77
0.00	0.00	10,772,156.69
0.00	0.00	0.00
0.00	0.00	10,772,156.69
		5,035,921.90
		51,176,905.55
0.00	0.00	56,212,827.45
\$ 0.00	\$ 0.00	\$ 66,984,984.14

UNAUDITED
Comptroller Judiciary Section (241)

EXHIBIT II

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities – Governmental Funds

For the Fiscal Year Ended August 31, 2010

	General Funds (Exh A-2)	Special Revenue Funds (Exh B-2)	Governmental Funds Total	Capital Assets Adjustments
REVENUES				
Legislative Appropriations:				
Original Appropriations	\$ 75,609,693.19	\$	\$ 75,609,693.19	\$
Additional Appropriations	16,131,312.47		16,131,312.47	
State Grant Pass-Through Revenue (Schedule 1B)	1,507,607.00		1,507,607.00	
Licenses, Fees & Permits	10,718,200.83	72,719,770.67	83,437,971.50	
Other	399,999.95	11.58	400,011.53	
Total Revenues	<u>104,366,813.44</u>	<u>72,719,782.25</u>	<u>177,086,595.69</u>	<u>0.00</u>
EXPENDITURES				
Salaries and Wages	50,089,955.28	31,384,040.28	81,473,995.56	
Payroll Related Costs	14,299,574.67	8,993,250.90	23,292,825.57	
Travel	508,099.75	26,512,127.41	27,020,227.16	
Intergovernmental Payments	30,178,000.41	171,051.64	30,349,052.05	
Other Expenditures	4,889,397.41		4,889,397.41	
Total Expenditures/Expenses	<u>99,965,027.52</u>	<u>67,060,470.23</u>	<u>167,025,497.75</u>	<u>0.00</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,401,785.92</u>	<u>5,659,312.02</u>	<u>10,061,097.94</u>	<u>0.00</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Note 12)	1,330,499.00	1,052,257.00	2,382,756.00	
Transfers Out (Note 12)		(677,524.70)	(677,524.70)	
Total Other Financing Sources (Uses)	<u>1,330,499.00</u>	<u>374,732.30</u>	<u>1,705,231.30</u>	<u>0.00</u>
Net Change in Fund Balances/Net Assets	5,732,284.92	6,034,044.32	11,766,329.24	
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances – Beginning	24,558,222.46	22,595,074.79	47,153,297.25	
Restatements				
Fund Balances, September 1, 2009, as Restated	<u>24,558,222.46</u>	<u>22,595,074.79</u>	<u>47,153,297.25</u>	<u>0.00</u>
Appropriations Reinstated (Lapsed)	(2,706,799.04)		(2,706,799.04)	
Fund Balances – August 31, 2010	<u>\$ 27,583,708.34</u>	<u>\$ 28,629,119.11</u>	<u>\$ 56,212,827.45</u>	<u>\$ 0.00</u>

The accompanying notes to the financial statements are an integral part of this statement.

UNAUDITED
Comptroller Judiciary Section (241)

Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
\$	\$	\$ 75,609,693.19
		16,131,312.47
		1,507,607.00
		83,437,971.50
		400,011.53
<u>0.00</u>	<u>0.00</u>	<u>177,086,595.69</u>
		81,473,995.56
		23,292,825.57
		27,020,227.16
		30,349,052.05
		4,889,397.41
<u>0.00</u>	<u>0.00</u>	<u>167,025,497.75</u>
<u>0.00</u>	<u>0.00</u>	<u>10,061,097.94</u>
		2,382,756.00
		(677,524.70)
<u>0.00</u>	<u>0.00</u>	<u>1,705,231.30</u>
		11,766,329.24
		47,153,297.25
<u>0.00</u>	<u>0.00</u>	<u>47,153,297.25</u>
		(2,706,799.04)
<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 56,212,827.45</u>

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

ENTITY

The Comptroller's Judiciary Section is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts Reporting Requirements for State Agencies.

The Comptroller's Judiciary Section is responsible for paying the salaries of the district judges and district attorneys of Texas. The agency also pays miscellaneous expenses incurred by the judges and District Attorneys as provided by the General Appropriations Act.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No.34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to be in compliance with generally accepted accounting principles (GAAP). The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

There are no component units in which the Comptroller's Judiciary Section is financially accountable or any organization whose exclusion would create misleading or incomplete financial statements.

FUND STRUCTURE

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity.

GOVERNMENTAL FUND TYPES

General Revenue Fund

The General Revenue Fund is the principal operating fund used to account for most of the state's general activities. It accounts for all financial resources except those accounted for in other funds.

Special Revenue Funds

Special Revenue funds are used to account for the proceeds of specific revenue sources (other than for private-purpose trusts or for major capital projects) that are legally restricted to use for specified purposes.

FIDUCIARY FUND TYPES

Agency Funds

Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

BASIS OF ACCOUNTING

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Governmental fund types that will build the fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. The State of Texas considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for Fund Financial Statements prepared on the modified accrual basis. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

BUDGETS AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). Encumbrance accounting is employed for budgetary control purposes.

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated, unless the agency has authority to retain unexpended balances for use in future periods.

ASSETS, LIABILITIES, AND FUND BALANCES/NET ASSETS

ASSETS

Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

LIABILITIES

Accounts Payable

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

FUND BALANCE/NET ASSETS

The difference between fund assets and liabilities is 'Net Assets' on the government-wide, proprietary and fiduciary fund statements, and the 'Fund Balance' is the difference between fund assets and liabilities on the governmental fund statements.

Reserved for Encumbrances

This represents commitments of the value of contracts awarded or assets ordered prior to year-end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

Unreserved/Undesignated:

This represents the unappropriated balance at year-end.

INTERFUND ACTIVITIES AND BALANCES

The Comptroller's Judiciary Section has the following types of transactions among funds:

- (1) Transfers: Legally required transfers that are reported when incurred as 'Transfers In' by the recipient fund and as 'Transfers Out' by the disbursing fund.
- (2) Reimbursements: Reimbursements are repayments from funds responsible for expenditures or expenses to funds that made the actual payment. Reimbursements of expenditures made by one fund for another that are recorded as expenditures in the reimbursing fund and as a reduction of expenditures in the reimbursed fund. Reimbursements are not displayed in the financial statements.

The composition of the agency's Interfund activities and balances are presented in Note 12.

NOTE 2: Capital Assets

(Not Applicable)

NOTE 3: Deposits, Investments & Repurchase Agreements

(Not Applicable)

NOTE 4: Short-Term Debt

(Not Applicable)

NOTE 5: Long Term Liabilities

EMPLOYEES' COMPENSABLE LEAVE

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal or separation from State employment, provided the employee has had continuous employment with the State for six months. The employees paid through the Comptroller's Judiciary Section, Agency 241, are not eligible for state compensable leave. They are covered in their individual court or county. The Comptroller's Judiciary Section does not show any Compensable Leave liability for these employees.

NOTE 6: Bonded Indebtedness

(Not Applicable)

NOTE 7: Capital Leases

(Not Applicable)

NOTE 8: Operating Leases

(Not Applicable)

NOTE 9: Retirement Plans

(Not Applicable)

NOTE 10: Deferred Compensation

(Not Applicable)

NOTE 11: Post Employment Health Care and Life Insurance Benefits

(Not Applicable)

NOTE 12: Interfund Activities and Transactions

As explained in Note 1 on Interfund Transactions and Balances there are numerous transactions between funds and agencies. At year-end amounts to be received or paid are reported as:

- Due From Other Agencies or Due To Other Agencies

The agency experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment of interfund balances will occur within one year from the date of the financial statement.

Individual balances and activity at August 31, 2010, follows:

	Due From Other Agencies	Due To Other Agencies	Source
GENERAL REVENUE (01)			
(Agency 300, D23 Fund 0421)	\$ 958,113.50	\$	State Pass Through
(Agency 454, D23 Fund 0036)	996,469.76		
SPECIAL REVENUE (02)			
(Agency 201, D23 Fund 0573)	638,694.08		Shared Cash Fund
(Agency 201, D23 Fund 0469)		946,608.00	
(Agency 201, D23 Fund 1534)		1,369,570.69	
(Agency 201, D23 Fund 3711)		208,507.08	
(Agency 211, D23 Fund 0573)	1,707,451.24		
(Agency 221, D23 Fund 0573)	1,197,665.21		
(Agency 222, D23 Fund 0573)	1,008,391.62		
(Agency 223, D23 Fund 0573)	827,514.43		
(Agency 224, D23 Fund 0573)	1,203,845.63		
(Agency 225, D23 Fund 0573)	1,785,678.97		
(Agency 226, D23 Fund 0573)	461,410.30		
(Agency 227, D23 Fund 0573)	624,398.71		
(Agency 228, D23 Fund 0573)	438,845.11		
(Agency 229, D23 Fund 0573)	597,211.06		
(Agency 229, D23 Fund 5731)	51.60		
(Agency 230, D23 Fund 0573)	428,914.61		
(Agency 231, D23 Fund 0573)	440,296.19		
(Agency 232, D23 Fund 0573)	465,259.15		
(Agency 233, D23 Fund 0573)	795,638.16		
(Agency 234, D23 Fund 0573)	1,110,731.16		
(Agency 601, D23 Fund 0006)	1,889,942.07		
Total Due From/To Other Agencies (Exh I)	<u>\$ 17,576,522.56</u>	<u>\$ 2,524,685.77</u>	
	Transfer In	Transfer Out	Source
GENERAL REVENUE (01)			
(Agency 212, D23 Fund 0001)	\$ 63,250.00	\$	Senate Bill 497
(Agency 454, D23 Fund 0036)	\$ 1,267,249.00	\$	Public Integrity Unit
SPECIAL REVENUE (02)			
(Agency 902, D23 Fund 0303)		677,524.70	GR Transfer
(Agency 601, D23 Fund 0006)	1,052,257.00		Public Integrity Unit
Total Transfers (Exh II)	<u>\$ 2,382,756.00</u>	<u>\$ 677,524.70</u>	

The detailed State Pass-Through information is listed on Schedule 1B-Schedule of State Grant Pass-Through From/To State Agencies.

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustment to Fund Balances/Net Assets

(Not Applicable)

NOTE 15: Contingencies and Commitments

(Not Applicable)

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

(Not Applicable)

NOTE 18: Management Discussion and Analysis

(Not Applicable)

NOTE 19: The Financial Reporting Entity

(Not Applicable)

NOTE 20: Stewardship, Compliance and Accountability

(Not Applicable)

NOTE 21: N/A

(Not Applicable)

NOTE 22: Donor Restricted Endowments

(Not Applicable)

NOTE 23: Extraordinary and Special Items

(Not Applicable)

NOTE 24: Disaggregation of Receivable and Payable Balances

(Not Applicable)

NOTE 25: Termination Benefits

(Not Applicable)

NOTE 26: Segment Information

(Not Applicable)

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

UNAUDITED
Comptroller Judiciary Section (241)

EXHIBIT A-1

Combining Balance Sheet – All General and Consolidated Funds

August 31, 2010

	General Revenue (0001) U/F (0001)	Insurance Board Operating Fund (0036) U/F (0036)	Total (Exh I)
ASSETS			
Current Assets:			
Cash			
In State Treasury	\$	\$	\$
Legislative Appropriations	33,876,596.00		33,876,596.00
Due From Other Agencies (Note 12)	958,113.50	996,469.76	1,954,583.26
Total Current Assets	<u>34,834,709.50</u>	<u>996,469.76</u>	<u>35,831,179.26</u>
Non-Current Assets:			
Other Non-Current Assets			
Total Non-Current Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Assets	<u>\$ 34,834,709.50</u>	<u>\$ 996,469.76</u>	<u>\$ 35,831,179.26</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts	\$	\$	\$
Payroll	8,247,470.92		8,247,470.92
Total Current Liabilities	<u>8,247,470.92</u>	<u>0.00</u>	<u>8,247,470.92</u>
Non-Current Liabilities:			
Other Non-Current Liabilities			
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>8,247,470.92</u>	<u>0.00</u>	<u>8,247,470.92</u>
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances (Deficits):			
Reserved for:			
Encumbrances	3,819,371.80	202,984.14	4,022,355.94
Unreserved Designated for:			
Other	22,767,866.78	793,485.62	23,561,352.40
Undesignated			
Total Fund Balances	<u>26,587,238.58</u>	<u>996,469.76</u>	<u>27,583,708.34</u>
Total Liabilities and Fund Balances	<u>\$ 34,834,709.50</u>	<u>\$ 996,469.76</u>	<u>\$ 35,831,179.26</u>

The accompanying notes to the financial statements are an integral part of this statement.

UNAUDITED
Comptroller Judiciary Section (241)

EXHIBIT A-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2010

	General Revenue Fund (0001) U/F (0001)	Insurance Board Operating Fund (0036) U/F (0036)	Total (Exh II)
REVENUES			
Legislative Appropriations:			
Original Appropriations	\$ 75,609,693.19	\$	\$ 75,609,693.19
Additional Appropriations	16,131,312.47		16,131,312.47
State Grant Pass-Through Revenue (Schedule 1B)	1,507,607.00		1,507,607.00
Licenses, Fees & Permits	10,718,200.83		10,718,200.83
Other	399,999.95		399,999.95
Total Revenues	<u>104,366,813.44</u>	<u>0.00</u>	<u>104,366,813.44</u>
EXPENDITURES			
Salaries and Wages	50,089,955.28		50,089,955.28
Payroll Related Costs	14,299,574.67		14,299,574.67
Travel	508,099.75		508,099.75
Intergovernmental Payments	28,962,350.65	1,215,649.76	30,178,000.41
Other Expenditures	4,889,397.41		4,889,397.41
Total Expenditures/Expenses	<u>98,749,377.76</u>	<u>1,215,649.76</u>	<u>99,965,027.52</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,617,435.68</u>	<u>(1,215,649.76)</u>	<u>4,401,785.92</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Note 12)	63,250.00	1,267,249.00	1,330,499.00
Transfers Out (Note 12)			
Total Other Financing Sources (Uses)	<u>63,250.00</u>	<u>1,267,249.00</u>	<u>1,330,499.00</u>
Net Change in Fund Balances/Net Assets	5,680,685.68	51,599.24	5,732,284.92
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances – Beginning	23,613,351.94	944,870.52	24,558,222.46
Restatements			
Fund Balances, September 1, 2009, as Restated	<u>23,613,351.94</u>	<u>944,870.52</u>	<u>24,558,222.46</u>
Appropriations Reinstated (Lapsed)	<u>(2,706,799.04)</u>		<u>(2,706,799.04)</u>
Fund Balances – August 31, 2010	<u>\$ 26,587,238.58</u>	<u>\$ 996,469.76</u>	<u>\$ 27,583,708.34</u>

The accompanying notes to the financial statements are an integral part of this statement.

UNAUDITED
Comptroller Judiciary Section (241)

EXHIBIT B-1

Combining Balance Sheet – Special Revenue Funds

August 31, 2010

	Special Revenue State Highway (0006) U/F (0006)	Special Revenue Felony Prosecutor (0303) U/F (0303)	Special Revenue Judicial (0573) U/F (0573, 1573)	Totals (Exh I)
ASSETS				
Current Assets:				
Cash				
In State Treasury	\$	\$ 2,078,977.23	\$ 13,452,888.35	\$ 15,531,865.58
Legislative Appropriations				
Due From Other Agencies (Note 12)	1,889,942.07		13,731,997.23	15,621,939.30
Total Current Assets	<u>1,889,942.07</u>	<u>2,078,977.23</u>	<u>27,184,885.58</u>	<u>31,153,804.88</u>
Non-Current Assets:				
Other Non-Current Assets				
Total Non-Current Assets	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Assets	<u>\$ 1,889,942.07</u>	<u>\$ 2,078,977.23</u>	<u>\$ 27,184,885.58</u>	<u>\$ 31,153,804.88</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Payroll	\$	\$	\$	\$
Due To Other Agencies (Note 12)			2,524,685.77	2,524,685.77
Total Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>2,524,685.77</u>	<u>2,524,685.77</u>
Non-Current Liabilities:				
Other Non-Current Liabilities				
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>2,524,685.77</u>	<u>2,524,685.77</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances (Deficits):				
Reserved for:				
Encumbrances	209,561.13		804,004.83	1,013,565.96
Unreserved Designated for:				
Other	1,680,380.94	2,078,977.23	23,856,194.98	27,615,553.15
Undesignated				
Total Fund Balances	<u>1,889,942.07</u>	<u>2,078,977.23</u>	<u>24,660,199.81</u>	<u>28,629,119.11</u>
Total Liabilities and Fund Balances	<u>\$ 1,889,942.07</u>	<u>\$ 2,078,977.23</u>	<u>\$ 27,184,885.58</u>	<u>\$ 31,153,804.88</u>

The accompanying notes to the financial statements are an integral part of this statement.

UNAUDITED
Comptroller Judiciary Section (241)

EXHIBIT B-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Special Revenue Funds

For the Fiscal Year Ended August 31, 2010

	Special Revenue State Highway (0006) U/F (0006)	Special Revenue Felony Prosecutor (0303) U/F (0303)	Special Revenue Judicial (0573) U/F (0573, 1573)	Totals (Exh II)
REVENUES				
Licenses, Fees & Permits	\$	\$ 4,192,393.23	\$ 68,527,377.44	\$ 72,719,770.67
Other			11.58	11.58
Total Revenues	<u>0.00</u>	<u>4,192,393.23</u>	<u>68,527,389.02</u>	<u>72,719,782.25</u>
EXPENDITURES				
Salaries and Wages			31,384,040.28	31,384,040.28
Payroll Related Costs			8,993,250.90	8,993,250.90
Intergovernmental Payments	951,045.93	3,613,416.00	21,947,665.48	26,512,127.41
Other Expenditures			171,051.64	171,051.64
Total Expenditures/Expenses	<u>951,045.93</u>	<u>3,613,416.00</u>	<u>62,496,008.30</u>	<u>67,060,470.23</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(951,045.93)</u>	<u>578,977.23</u>	<u>6,031,380.72</u>	<u>5,659,312.02</u>
OTHER FINANCING SOURCES (USES)				
Transfers In (Note 12)	1,052,257.00			1,052,257.00
Transfers Out (Note 12)		(677,524.70)		(677,524.70)
Total Other Financing Sources (Uses)	<u>1,052,257.00</u>	<u>(677,524.70)</u>	<u>0.00</u>	<u>374,732.30</u>
Net Change in Fund Balances	101,211.07	(98,547.47)	6,031,380.72	6,034,044.32
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances – Beginning	1,788,731.00	2,177,524.70	18,628,819.09	22,595,074.79
Restatements				
Fund Balances, September 1, 2009, as Restated	<u>1,788,731.00</u>	<u>2,177,524.70</u>	<u>18,628,819.09</u>	<u>22,595,074.79</u>
Appropriations Reinstated (Lapsed)				
Fund Balances – August 31, 2010	<u><u>\$ 1,889,942.07</u></u>	<u><u>\$ 2,078,977.23</u></u>	<u><u>\$ 24,660,199.81</u></u>	<u><u>\$ 28,629,119.11</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

UNAUDITED
Comptroller Judiciary Section (241)

EXHIBIT J-1

Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2010

	Beginning Balance August 31, 2009	Additions	Deductions	Ending Balance August 31, 2010
CHILD SUPPORT EMPLOYEE DEDUCTS – SUSPENSE				
Fund (0807) U/F (8070)				
ASSETS				
Cash in State Treasury	\$ 3,561.45	\$ 51,698.85	\$ 50,348.85	\$ 4,911.45
Total Assets	<u>\$ 3,561.45</u>	<u>\$ 51,698.85</u>	<u>\$ 50,348.85</u>	<u>\$ 4,911.45</u>
LIABILITIES				
Funds Held for Others	\$ 3,561.45	\$ 51,698.85	\$ 50,348.85	\$ 4,911.45
Total Liabilities	<u>\$ 3,561.45</u>	<u>\$ 51,698.85</u>	<u>\$ 50,348.85</u>	<u>\$ 4,911.45</u>
US SAVINGS BOND ACCOUNT				
Fund (0901) U/F (0901)				
ASSETS				
Cash in State Treasury	\$ 2,140.00	\$ 24,540.00	\$ 24,600.00	\$ 2,080.00
Total Assets	<u>\$ 2,140.00</u>	<u>\$ 24,540.00</u>	<u>\$ 24,600.00</u>	<u>\$ 2,080.00</u>
LIABILITIES				
Funds Held for Others	\$ 2,140.00	\$ 24,540.00	\$ 24,600.00	\$ 2,080.00
Total Liabilities	<u>\$ 2,140.00</u>	<u>\$ 24,540.00</u>	<u>\$ 24,600.00</u>	<u>\$ 2,080.00</u>
DIRECT DEPOSIT CORRECTION				
Fund (0980) U/F (0980)				
ASSETS				
Cash in State Treasury	\$ 0.00	\$ 19,518.40	\$ 0.00	\$ 19,518.40
Total Assets	<u>\$ 0.00</u>	<u>\$ 19,518.40</u>	<u>\$ 0.00</u>	<u>\$ 19,518.40</u>
LIABILITIES				
Funds Held for Others	\$ 0.00	\$ 19,518.40	\$ 0.00	\$ 19,518.40
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 19,518.40</u>	<u>\$ 0.00</u>	<u>\$ 19,518.40</u>
TOTALS – ALL AGENCY FUNDS				
ASSETS				
Cash in State Treasury	\$ 5,701.45	\$ 95,757.25	\$ 74,948.85	\$ 26,509.85
Total Assets	<u>\$ 5,701.45</u>	<u>\$ 95,757.25</u>	<u>\$ 74,948.85</u>	<u>\$ 26,509.85</u>
LIABILITIES				
Funds Held for Others	\$ 5,701.45	\$ 95,757.25	\$ 74,948.85	\$ 26,509.85
Total Liabilities	<u>\$ 5,701.45</u>	<u>\$ 95,757.25</u>	<u>\$ 74,948.85</u>	<u>\$ 26,509.85</u>

The accompanying notes to the financial statements are an integral part of this statement.

UNAUDITED
Comptroller Judiciary Section (241)

SUPPLEMENTARY SCHEDULES

SCHEDULE 1B

**Schedule of State Grant Pass-Throughs
From/To State Agencies**

For the Fiscal Year Ended August 31, 2010

Pass-Through From:

Governor's Office of Budget and Planning (Agy. #300)	\$ 1,507,607.00
Total Pass-Through From Other Agencies (Exh. II)	<u>\$ 1,507,607.00</u>

Comptroller – Fiscal (902)

BASIC FINANCIAL STATEMENTS

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT I

Combined Balance Sheet – Governmental Funds

August 31, 2010

	Governmental Fund Types		Governmental
	General Funds	Special Revenue Funds	Funds Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents:			
Cash in State Treasury	\$ 4,509,337,699.35	\$ 23,822,150.43	\$ 4,533,159,849.78
Receivables:			
Accounts	342,955,333.33		342,955,333.33
Interest and Dividends	7,546,560.10	131,280.75	7,677,840.85
Taxes (Note 27)	1,806,469,526.50		1,806,469,526.50
Due From Other Agencies (Note 12)	44,465,507.04		44,465,507.04
Total Current Assets	<u>6,710,774,626.32</u>	<u>23,953,431.18</u>	<u>6,734,728,057.50</u>
Non-Current Assets:			
Taxes Receivable (Note 27)	303,467,073.21		303,467,073.21
Total Non-Current Assets	<u>303,467,073.21</u>		<u>303,467,073.21</u>
Total Assets	<u>\$ 7,014,241,699.53</u>	<u>\$ 23,953,431.18</u>	<u>\$ 7,038,195,130.71</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts	\$ 251,507.79	\$	\$ 251,507.79
Federal	1,331,697.00		1,331,697.00
Other Intergovernmental	23,041,861.00		23,041,861.00
Unclaimed Property Claimant Liabilities	163,048,531.46		163,048,531.46
Taxes Refund Payable	386,737,376.32		386,737,376.32
Due To Other Agencies (Note 12)	336,313,436.29		336,313,436.29
Deferred Revenues	721,238,804.88		721,238,804.88
Total Current Liabilities	<u>1,631,963,214.74</u>	<u>0.00</u>	<u>1,631,963,214.74</u>
Total Liabilities	<u>1,631,963,214.74</u>	<u>0.00</u>	<u>1,631,963,214.74</u>
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances (Deficits):			
Reserved for Non-Current Tax Receivable	303,467,073.21		303,467,073.21
Unreserved Designated for:			
Other		23,953,431.18	23,953,431.18
Undesignated	5,078,811,411.58		5,078,811,411.58
Total Fund Balances	<u>5,382,278,484.79</u>	<u>23,953,431.18</u>	<u>5,406,231,915.97</u>
Total Liabilities and Fund Balances	<u>\$ 7,014,241,699.53</u>	<u>\$ 23,953,431.18</u>	<u>\$ 7,038,195,130.71</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT II

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

For the Fiscal Year Ended August 31, 2010

	General Funds	Special Revenue Funds	Governmental Funds Total
REVENUES			
Taxes	\$ 34,220,822,937.45	\$ 2,016,365,418.54	\$ 36,237,188,355.99
Licenses, Fees & Permits	1,100,095,142.55		1,100,095,142.55
Interest and Other Investment Income	65,545,555.54	4,204,412.51	69,749,968.05
Land Income	7,664,170.53		7,664,170.53
Settlement of Claims	509,450,611.08		509,450,611.08
Sales of Goods and Services	47,581,815.97		47,581,815.97
Other	254,501,022.59	21,753,352.57	276,254,375.16
Total Revenues	<u>36,205,661,255.71</u>	<u>2,042,323,183.62</u>	<u>38,247,984,439.33</u>
EXPENDITURES			
Payroll Related Costs	31,568,077.06		31,568,077.06
Professional Fees and Services	9,995,418.54	189,001.00	10,184,419.54
Materials and Supplies	97,826.96		97,826.96
Communications and Utilities	332,092.36		332,092.36
Repairs and Maintenance	894,731.83		894,731.83
Claims and Judgments	29,212,239.65		29,212,239.65
State Grant Pass-Through Expenditure	135,000.00		135,000.00
Intergovernmental Payments	160,705,617.25	26,827,777.52	187,533,394.77
Public Assistance Payments	1,436,150.28		1,436,150.28
Other Expenditures	72,588,130.33		72,588,130.33
Interest	1,264,894.16		1,264,894.16
Capital Outlay	1,471,980.98		1,471,980.98
Total Expenditures	<u>309,702,159.40</u>	<u>27,016,778.52</u>	<u>336,718,937.92</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>35,895,959,096.31</u>	<u>2,015,306,405.10</u>	<u>37,911,265,501.41</u>
OTHER FINANCING SOURCES (USES)			
Transfer In (Note 12)	1,445,391,394.28	7,300,000.00	1,452,691,394.28
Transfer Out (Note 12)	(16,487,610,409.05)	(5,024,322,389.13)	(21,511,932,798.18)
Legislative Transfer Out	(18,258,542,034.32)		(18,258,542,034.32)
Insurance Recoveries	1,500,185.25		1,500,185.25
Total Other Financing Sources (Uses)	<u>(33,299,260,863.84)</u>	<u>(5,017,022,389.13)</u>	<u>(38,316,283,252.97)</u>
Net Change in Fund Balances	2,596,698,232.47	(3,001,715,984.03)	(405,017,751.56)
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances, September 1, 2009	3,117,510,918.99	3,025,669,415.21	6,143,180,334.20
Restatements (Note 18)	(331,930,666.67)		(331,930,666.67)
Fund Balances, September 1, 2009, as Restated	<u>2,785,580,252.32</u>	<u>3,025,669,415.21</u>	<u>5,811,249,667.53</u>
Fund Balances, August 31, 2010	<u>\$ 5,382,278,484.79</u>	<u>\$ 23,953,431.18</u>	<u>\$ 5,406,231,915.97</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

EXHIBIT VI

Combined Statement of Fiduciary Net Assets Fiduciary Funds

August 31, 2010

	Private- Purpose Trust (Exhibit I-1)	Agency Funds (Exhibit J-1)	Totals
ASSETS			
Cash and Cash Equivalents:			
Cash in State Treasury	\$ 1,802,973.21	\$ 792,785,383.06	\$ 794,588,356.27
Investments (Note 3):			
U.S. Government Obligations		156,315.42	156,315.42
Corporate Obligations		140,414.34	140,414.34
Corporate Equity		205,437,726.83	205,437,726.83
Pooled Investments		38,251,086.22	38,251,086.22
Other Investments		2,392,680.27	2,392,680.27
Receivables:			
Federal			
Interest and Dividends	1,651.28		1,651.28
Total Assets	<u>1,804,624.49</u>	<u>1,039,163,606.14</u>	<u>1,040,968,230.63</u>
LIABILITIES			
Payables:			
Accounts Payables	1,107,509.66		1,107,509.66
Intergovernmental Payables		746,033,232.56	746,033,232.56
Funds Held for Others		293,130,373.58	293,130,373.58
Deferred Revenues	17,479.83		17,479.83
Total Liabilities	<u>1,124,989.49</u>	<u>1,039,163,606.14</u>	<u>1,040,288,595.63</u>
NET ASSETS			
Held in Trust for:			
Individuals, Organizations, and			
Other Governments:	679,635.00		679,635.00
Total Net Assets	<u>\$ 679,635.00</u>	<u>\$ 0.00</u>	<u>\$ 679,635.00</u>

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

EXHIBIT VII

Combined Statement of Changes in Fiduciary Net Assets Fiduciary Funds

For the Fiscal Year Ended August 31, 2010

	Private Purpose Trust (Exhibit I-2)	Totals
ADDITIONS		
Contributions:		
Investment Income:		
From Investing Activities		
Interest and Investment Income	\$ 40,624.98	\$ 40,624.98
Total Investing Income	40,624.98	40,624.98
Other Additions		
Federal Revenue	3,275,994.67	3,275,994.67
Other Revenue		
Transfers-In (Note 12)	46,151,923.00	46,151,923.00
Total Other Additions	49,427,917.67	49,427,917.67
Total Additions	49,468,542.65	49,468,542.65
DEDUCTIONS		
Intergovernmental Payments	49,427,917.67	49,427,917.67
Transfers-Out (Note 12)		
Total Deductions	49,427,917.67	49,427,917.67
NET INCREASE (DECREASE)	40,624.98	40,624.98
Net Assets, September 1, 2008	639,010.02	639,010.02
Restatements		
Net Assets, September 1, 2008, as Restated	639,010.02	639,010.02
Net Assets – August 31, 2009	\$ 679,635.00	\$ 679,635.00

The accompanying Notes to the Financial Statements are an integral part of this financial statement.

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

ENTITY

The Comptroller–Fiscal is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Comptroller of Public Accounts Reporting Requirements of State Agencies.

This report applies to those funds, which the State Comptroller of Public Accounts is statutorily required to expend, transfer, allocate or administer as trustee. Included are the funds and accounts over which the Comptroller exercises statutory administrative control, which includes revenues, collected for the benefit of others. The operating activity of the Comptroller of Public Accounts (Agency 304) is included in a separate section of this report.

There are no component units in which the Comptroller–Fiscal is financially accountable or any organization in which exclusion would create misleading or incomplete financial statements.

Due to the significant changes related to Governmental Accounting Standards Board Statement No. 34 *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to be in compliance with generally accepted accounting principles (GAAP). The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

GOVERNMENTAL FUND TYPES & GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

General Fund

The General Fund is used to account for all financial resources of the state except those that must be accounted for in another fund. Listed below are the agency’s General Funds and their purpose.

General Revenue Fund 0001 – To receive those revenues directed to be deposited to the General Revenue Fund and those revenues for which a specific fund has not been designated; such revenues to be used as the Constitution prescribes and the Legislature directs.

Law Enforcement Officer Standards and Education Fund 0116 – To receive court costs collected from defendants convicted under certain sections of the Penal Code.

Compensation to Victims of Crime Auxiliary Fund 0494 – This is used only for the payment of compensation to claimants under the Victims of Crime Act.

Economic Stabilization Fund 0599 – To receive transfer of one-half of any unencumbered positive balance in the General Revenue Fund (0001) on the last day of the preceding biennium and any other money appropriated to the fund by the legislature. The fund may be used to eliminate temporary cash deficiency in the General Revenue Fund (0001).

Special Events Trust Fund 0836 – If special event plan is approved and host community selected as the site of a special event, comptroller shall deposit amount requested in the special event plan from state tax receipts as soon as practicable after the taxes are collected.

Other Events Trust Fund 0869 – Used to fulfill joint obligations of the state and endorsing municipality or county to a site selection organization under a games support contract.

Agency Trust and Suspense Fund 0900 – To provide a temporary depository for money held in suspense pending final disposition. Items held in the fund are cleared to the various Special Revenue Funds or the General Revenue Fund, or refunded to the payer.

Sexual Assault Program Fund 5010 – Created to receive parole supervision and probation fees collected under arts. 42.12, 22(e) and art 42.18 8(p), C.C.P. and gifts, grants and money appropriated for grants to maintain or expand existing services.

Tobacco Settlement Fund 5040 – To receive settlement money resulting from the final judgment in the State of Texas. The American Tobacco Company, et. al., civil action no. 5:96cv91. These funds are distributed to appropriate agencies and funds as identified in the court ordered settlement.

Jobs and Education for Texans (JET) Fund No. 5143–To award grants to expand existing programs and develop new programs that prepare students for careers in high-demand occupations, including start-up costs associated with career and technical education courses, and to provide scholarships for students in career and technical programs, entified in the court ordered settlement.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Listed below are the agency’s Special Revenue Funds and their purpose.

County and Road District Highway Fund 0057 – To take care of outstanding county and road district indebtedness assumed by the State along with the highway system. The Fund also receives allocation to the “Lateral Road Fund”, which in turn is distributed to the counties of the State.

Property Tax Relief Fund 0304 – Special fund in the state treasury outside the general revenue fund. The proceeds of the fund are from allocations of the computation of motor vehicle sales tax, collection of all tobacco products tax increases and calculated amounts from franchise taxes. The intent of the fund will be to reduce school district property taxes.

Binding Arbitration Trust Fund 0838 – This is used to retain and pay the administrative costs in binding arbitration cases of property value appeals initiated by property owners. Monies are moved to this special revenue fund from the same agency fund for payment of administrative costs

International Fuels Tax Agreement (IFTA) Trust Fund 0886 – To receive motor fuels taxes estimated to be due to other jurisdictions or otherwise subject to refund during the fiscal year, penalties and interest on those taxes due other jurisdictions, licensing fees, and other costs collected under the agreement.

FIDUCIARY FUNDS

Private-Purpose Trust Funds

Private-Purpose Trust funds are used to account for all other trust arrangements whose principal and interest benefit individuals, private organizations, or other governments. Listed below are the agency’s Private Purpose Trust funds and their purpose.

Private Purpose Tobacco Settlement Political Subdivision Trust Fund 0872 – To hold a portion of the tobacco settlement money designated for the exclusive benefit of political subdivisions and will be distributed to political subdivisions as directed in the settlement.

Flood Area School and Road Trust Account 0903 – To hold money allocated by the Federal Government to be distributed to counties and political subdivisions of the state based on the tax rate applied to lands acquired for flood purposes.

Agency Funds

Agency Funds are used to account for assets held as an agent for individuals, private organizations, and other government entities. These funds are custodial in nature and do not involve measurement of results of operations. Listed below are the agency's Agency Funds and their purpose.

Sporting Events for Municipality/County Trust Fund 0830 – For use by the comptroller to deposit a portion of the state and local sales tax, hotel and mixed beverage taxes for an approved major sporting or athletic event sanctioned by a site selection organization.

Fireworks Tax Securities Trust Fund 0862 – An applicant for a fireworks sales tax permit or for registration as a retailer must file adequate security for the payment of the taxes imposed by this chapter.

Customs Brokers Bond / Security Trust Fund 0866 – Created to hold bonds or securities from which the customs broker intends to issue exemption certificates.

Texas Racing Commission Security Trust Fund 0868 – Created to hold securities posted by each racing association as required by the comptroller rule to ensure payment of the state's portion of the pari-mutuel pool.

Other Events Trust Fund 0869 – To retain a portion of the state and local sales, hotel, and mixed beverage taxes, if a site is selected, in an amount as determined by the comptroller, to the presentation of a game and related events. Used to fulfill joint obligations of the state and endorsing municipality or county to a site selection organization under a games support contract.

Local Tax Collections for Sports / Community Venue Project Trust Fund 0874 – To hold taxes collected by the Comptroller under an inter-local contract for a local government until they are returned to the local government's venue project fund. Taxes are to be used for sports or community venue projects.

City, County, MTA and SPD Sales Tax Trust Account 0882 – To record the receipt of local sales and use tax collected by the Comptroller for each city, county, metropolitan transit authority and special purpose district authorizing the collection.

International Fuels Tax Agreement (IFTA) Guarantee Trust Fund 0884 – To hold in trust money or securities deposited with the Comptroller by participants in the International Fuels Tax Agreement.

Departmental Suspense Fund 0900 – To provide a temporary depository for money held in suspense pending final disposition. Items held in the fund are cleared to the various Special Revenue Funds or the General Revenue Fund, or refunded to the payer.

Motor Fuel Distributors Bond Guaranty Trust Fund 0904 – To hold in trust money or securities deposited by motor fuel distributors, in lieu of surety bonds, to insure complete and faithful performance by the distributor of all conditions and requirements imposed upon him by the laws pertaining to motor fuel and motor fuel distributors.

Mixed Beverage Tax Guaranty Trust Fund 0906 – To hold in trust money or securities deposited by mixed beverage permittees.

Sales Tax Guaranty Trust Fund 0962 – To receive cash and/or other negotiable securities pledged to guarantee payment of Sales Tax liabilities.

Direct Deposit Correction Fund 0980 – To hold money returned by financial institutions which had been transmitted for direct deposit where problems prevented credit are given to individual depositors until the agency issuing the original payment makes the correction by transferring the funds back to the original issuing fund or the person for whom the original payment was made is refunded the money.

BASIS OF ACCOUNTING

The basis of accounting determines when revenues and expenditures are recognized in the accounts reported in the financial statements. Governmental fund types are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become both measurable and available. Expenditures are generally recognized when the related fund liability is incurred. Exceptions are unpaid employee compensable leave, and the unmatured debt service (principal and interest) on general long-term debt, long-term capital leases, and long-term claims and judgments, which are not recognized until actual payment is made.

Budgets and Budgetary Accounting

The budget is prepared biennially and represents appropriations authorized by the Legislature and approved by the Governor (the General Appropriations Act). Unobligated appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

Since the Comptroller reports the entire cash balance for the general fund, budgetary accounts are eliminated for the Annual Financial Report.

ASSETS, LIABILITIES AND FUND EQUITY

Assets

Taxes Receivables

Amounts shown as taxes receivable represent various state taxes due to the state at August 31, 2010.

Liabilities

Accounts Payable

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Other Liabilities

Other Liabilities represent intergovernmental taxes and the value of unclaimed property at the balance sheet date.

Deferred Revenue

Amounts shown as deferred revenue represent tax revenues earned but not available and resources received but not earned, ie., prepaid sales taxes, at August 31, 2010. A breakdown by Tax Type is available on Schedule 5.

Fund Balance/Net Assets

The difference between fund assets and liabilities is 'Net Assets' on the government-wide and fiduciary fund statements and the 'Fund Balance' is the difference between fund assets and liabilities on the governmental fund statements.

Reservations of Fund Balance

Fund Balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use or not available for expenditure.

Reserved for Encumbrances

This represents commitments of the value of contracts awarded or assets ordered prior to year-end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

INTERFUND TRANSACTIONS AND BALANCES

The Comptroller–Fiscal has the following transactions between and within state funds.

Transfers: Legally required transfers that are reported when incurred as “Transfers In” by the recipient fund and as “Transfers Out” by the disbursing fund.

NOTE 2: Capital Assets

Capital Assets are not shown on the Governmental Fund Financial Statements, but rather are included as governmental activities in the Government-wide Financial Statements. A summary of changes in Capital Assets for the year ended August 31, 2010, is presented below:

	Balance 9/1/09	Adjustments	Reclassifications	Additions	Deletions	Balance 8/31/10
Depreciable Assets:						
Furniture and Equipment	\$ 14,567,882.92	\$ (11,607,273.63)	\$	\$ 1,431,329.60	\$	\$ 4,391,938.89
Less Accumulated Depreciation	(6,895,617.58)	6,316,232.66		(764,926.68)		(1,344,311.60)
Depreciable Assets, Net	<u>7,672,265.34</u>	<u>(5,291,040.97)</u>	<u>0.00</u>	<u>666,402.92</u>	<u>0.00</u>	<u>3,047,627.29</u>
Computer Software		11,607,273.63		40,651.38		11,647,925.01
Less Accumulated Amortization		(6,316,235.30)		(1,702,507.32)		(8,018,742.62)
Amortizable Assets, Net	<u>0.00</u>	<u>5,291,038.33</u>	<u>0.00</u>	<u>(1,661,855.94)</u>	<u>0.00</u>	<u>3,629,182.39</u>
Total Capital Assets	<u>\$ 7,672,265.34</u>	<u>\$ (2.64)</u>	<u>\$ 0.00</u>	<u>\$ (995,453.02)</u>	<u>\$ 0.00</u>	<u>\$ 6,676,809.68</u>

NOTE 3: Deposits, Investments & Repurchase Agreements

INVESTMENTS

As of August 31, 2010, the carrying value and fair value of investments are as presented below.

Fiduciary Funds	Fair Value
U.S. Government Agency Obligations	\$ 3,352.07
U.S. Treasury Strips	152,963.35
Corporate Obligations	140,414.34
Equity	205,437,726.83
Fixed Income Money Market and Bond Mutual Funds	38,251,086.22
Miscellaneous	2,392,680.27
Total	<u>\$ 246,378,223.08</u>

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. As of August 31, 2010, the agency’s credit risk quality distribution for securities with credit risk exposure was as follows.

Standard & Poor's						
Fund Type	GAAP Fund	Investment Type	Aaa	Aa	A	Not Rated
09	0001	U.S. Government Treasuries				
		U.S. Government Agencies			\$ 3,296.15	
		REFco Strip				
		Government Mortgage Backed Securities				55.92
		Corporate Obligations		2,915.30	32,414.53	105,084.51
		Political Subdivisions	45,952.50	36,458.57	119,822.40	105,642.52
		Mutual Funds				72,723.28
Fitch						
The agency does not use ratings provided by Fitch.						

NOTE 4: Short-Term Debt

(Not Applicable)

NOTE 5: Summary of Long Term Liabilities

(Not Applicable)

NOTE 6: Bonded Indebtedness

(Not Applicable)

NOTE 7: Capital Leases

(Not Applicable)

NOTE 8: Operating Leases

(Not Applicable)

NOTE 9: Retirement Plans

(Not Applicable)

NOTE 10: Deferred Compensation

(Not Applicable)

NOTE 11: Postemployment Health Care and Life Insurance Benefits

(Not Applicable)

NOTE 12: Interfund Activity and Transactions

As explained in Note 1 on Interfund Transactions and Balances, there are numerous transactions between funds and agencies. At year end, amounts to be received or paid are reported as Interfund Receivables or Interfund Payables, Advances From or Advances To, or Due From or Due To Other Funds. The agency experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer. Repayment or interfund balances will occur within one year from the date of the financial statement.

	Interfund Transactions			Due From Other Funds	Due To Other Funds
	Agency	Fund			
Fund 0001:	320	0894	\$	9,706.71	\$
	323	0001		17,394,384.31	
	323	1989		2,017,053.05	
	329	1100		297,156.25	
	332	0001		111,610.76	
	357	0001		2,865.00	
	362	5025		24,512.00	
	403	0110		35,846.01	
	403	0113		49,488.91	
	403	0116		2,120.12	
	454	0003		252,013.76	
	455	0001		8,032.50	
	456	0996		259,925.00	
	457	1002		509,303.19	
	601	0090		216,549.37	
	802	0950		4,037,709.15	
	902	0001		5,676,612.72	
	903	0001		2,621,082.43	
	300	5003			2,714,467.65
	311	1900			18,691,566.33
	323	0001			27,970,202.68
	323	1989			13,901,694.19

Continued on the following page

UNAUDITED
Comptroller – Fiscal (902)

Continued from the previous page

Interfund Transactions			Due From Other Funds		Due To Other Funds	
	Agency	Fund				
Fund 0001:	601	0006	\$		\$	193,667,472.34
(concluded)	696	5060				965,443.21
	701	0002				64,555,824.12
	902	0001				5,676,612.72
Total Fund 0001:				<u>\$ 33,525,971.24</u>		<u>\$ 328,143,283.24</u>
Fund 0116:	407	0116	\$	10,939,535.80	\$	
Fund 0494:	302	0494	\$		\$	109,824.42
Fund 5040:	529	5040	\$		\$	8,060,328.63
Total Due From/Due To (Exh 1)				<u>\$ 44,465,507.04</u>		<u>\$ 336,313,436.29</u>

Transfers			Transfers Out		Transfers In	
	Agency	Fund				
Fund 0001:	103	0001	\$		\$	5,050.00
	211	0540				1,686,537.08
	241	0303				677,524.70
	300	0001				947,833.05
	300	0369				2,469.12
	300	5003		27,564,744.53		
	300	5106		583,203.08		
	302	0001				9,010,412.99
	302	0368				8,129.24
	302	0369				145,865.49
	303	0001				330,540.93
	303	0003				18,876.36
	304	0001				1,080.00
	306	0001				4,151.25
	306	0666				2,018.04
	306	1003				114,581.93
	311	0577				45,553,427.40
	313	0001				4,880.00
	320	0001				2,194,706.26
	320	0369				40,127.52
	320	0894				9,706.71
	320	0947				
	323	0001		1,607,554,036.62		31,471,323.17
	323	0369				113.45
	323	1989		253,625,889.55		
	329	0988				32,257.63
	332	0001				1,703,860.26
	332	0066				431,946.02
	332	0369				25,954.41
	347	0064		4,306,691.00		
	347	0507				2,041,059.48
	347	0708				413.01
	347	7400				7,512.46
	357	0001				245,403.00
	357	0369				981.74
	362	5025				56,591,791.39
	401	0001				93,587.99
	401	0369				1,414.93
	403	0110				210,765.44
	403	0113				295,859.98
	403	0116				12,720.72
	403	0700				1,382,994.00
	405	0001				2,217,378.74
	405	0369				3,751.62

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Transfers		Transfers Out		Transfers In
	Agency	Fund		
Fund 0001:	405	7000	\$	\$ 593,674.31
(continued)	407	0116		444.52
	450	0001	98,198.95	3,385,933.00
	451	0001	3,385,933.00	8,925,015.00
	452	0001	8,905,015.00	2,392.14
	454	0004		23,823.75
	454	0008		270,271.16
	454	0011	64,215,944.57	53,861.00
	454	0036	66,415,525.21	1,123,271.00
	454	0516	667,752.66	
	455	0001		80,848.88
	455	0100		896,938.52
	455	0371		16,231.34
	455	0716		16,613.55
	457	0858		703,344.00
	458	1103		82,413.67
	459	0859		510,000.00
	460	0860		373,900.00
	466	0001	2,541,426.00	2,541,426.00
	469	0001	982,272.00	982,272.00
	473	0001		1,500.00
	473	0369		108.91
	476	0597		375,605.27
	504	0001		4,470.72
	507	0001		77,077.00
	515	0001		37,131.33
	529	0001		262,313,601.65
	529	0369		7,065.16
	530	0001		1,515,688.10
	530	0369		3,800.70
	537	0001		6,619,132.90
	537	0005		25,647.69
	537	0369		25,122.56
	538	0001		9,604,149.48
	538	0369		6,466.62
	539	0001		31,793,052.46
	539	0369		1,403,921.53
	551	0001		38,179.10
	551	0002		2,063.72
	551	3702		4,368,580.15
	551	5051	1,000,000.00	
	554	0001		406,068.00
	556	0001		81,416.87
	580	0001		8,960.62
	580	1000		535,532.45
	582	0010		29,923.04
	582	0027		5,990,250.11
	582	0369		366.63
	582	0400		133,965.44
	592	0001		2,500.00
	601	0001		(2,938.41)
	601	0006	2,230,071,854.78	
	694	0001		207,795.53
	694	0101		75,716.24
	694	0102		3,500.00
	694	0103		24,263.75
	694	0104		7,606.53
	694	0214		29.27
	696	0014		2,369,997.62
	696	0050		3,500,000.00
	696	0369		14.26
	696	5060	1,273,632.05	3,472,966.83
	701	0001		1,086,214.75

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Transfers			Transfers Out	Transfers In
	Agency	Fund		
Fund 0001:	701	0002	\$ 745,790,617.93	\$
(concluded)	701	0193	9,663,812,825.58	
	701	5135	197,781,457.00	
	701	0369		240,199.60
	771	0001		(4,529.62)
	771	0369		53.43
	772	0001		6,550.00
	772	0369		123.02
	781	0001		1,420,696.78
	781	0369		19,461.33
	802	0010		99,856.34
	802	0012		4,650.00
	802	0013		225,000.00
	802	0369		18.55
	802	0643	55,987,418.00	
	802	4673	8,248,000.00	
	802	5153	10,640,000.00	
	808	0001		6,765.00
	808	0139	7,230,920.00	390,102.00
	808	0369		66.10
	809	0001		449,602.67
	813	0369		1,784.95
	902	0886		319,314.71
	902	0057	7,300,000.00	
	902	0599	869,898,640.12	
	902	0836	70,050.00	
	902	0869	14,901,067.00	
	902	5143	25,000,000.00	
	902	8300	18,073,726.37	
Total Fund 0001:			<u>\$ 15,897,926,841.00</u>	<u>\$ 517,447,910.79</u>
Fund 0494:	302	0494	\$ 10,178,732.54	\$
Fund 0599:	902	0001	\$	\$ 869,898,640.12
Fund 8300	902	0001	\$	\$ 18,073,726.37
Fund 0836:	902	0001	\$	\$ 70,050.00
Fund 0869:	902	0001	\$	\$ 14,901,067.00
Fund 5143:	902	0001	\$	\$ 25,000,000.00
Fund 5010:	302	5010	\$ 1,050,355.01	\$
Fund 5040:	529	5040	\$ 578,454,480.50	\$
Fund 0057:	902	0001	\$	\$ 7,300,000.00
Fund 0304:	701	0193	\$ 5,024,003,074.42	\$
Fund 0886:	902	0001	\$ 319,314.71	\$
Total Transfers – (Exh. II)			<u>\$ 21,511,932,798.18</u>	<u>\$ 1,452,691,394.28</u>
Fund 2872:	311	0872	\$	\$ 46,151,923.00
Total Transfers – (Exh. VII)			<u>\$ 0.00</u>	<u>\$ 1,498,843,317.28</u>

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustments to Fund Balances and Net Assets

During fiscal 2010, an adjustment was made which required the restatement of fund balances as shown and discussed below:

- a. This restatement is to correct beginning balances in capital assets which was the result of an adjustment made in a prior period for beginning balance.
- b. During the fiscal year, a re-examination was made of when the accrued revenue is received to record the accounts receivable. The method of accounting for recording of revenue was changed to deferral in the fund financial statements. The beginning fund balance has been restated to reflect this change.

	BC Capital Assets Fund 9998	Tobacco Settlement Fund 5040
Fund Balance/Equity, September 1, 2009	\$(7,672,265.34)	\$ 698,428,765.26
Restatements:		
a. Accumulated Depreciation	2.64	
b. FY09 Accrual Reversal		(331,930,666.67)
Net Restatements	<u>2.64</u>	<u>(331,930,666.67)</u>
Fund Balance/Equity, September 1, 2009 as Restated	<u><u>\$(7,672,262.70)</u></u>	<u><u>\$ 366,498,098.59</u></u>

NOTE 15: Contingent Liabilities

PROTEST TAX PAYMENTS:

The protested tax balance in the General Revenue Fund and other funds at August 31, 2010 totaled \$151 million. These payments were protested under Tex. Tax Code Ann. Sec. 112.051 (Vernon 1982). Plaintiffs have filed lawsuits seeking refunds for franchise, sales, insurance, and pipeline utility taxes totaling \$690 million. The outcome of this litigation is indeterminate and the amount of the liability to the state, if any, cannot be reasonably estimated.

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

(Not Applicable)

NOTE 18: Management Discussion and Analysis

The General Revenue Fund 0001 cash balance decreased from \$(1.0) billion balance in fiscal 2009 to \$(3.5) billion in fiscal 2010. The decrease is attributable decreased tax collections of \$1.4 billion and increases in statewide expenditures. This agency provides legislative funding for state-wide agency's expenditures and this is reflected in its legislative transfers-out. As disclosed in Note 27, a portion of the accrued taxes reported in this agency's report will not be finalized until the CAFR is completed.

The Economic Stabilization Fund, with the \$870 million transfer from the General Revenue Fund, had an ending cash balance of \$7.7 billion. The Texas Constitution mandates that if oil or natural gas taxes exceed the net amount received in fiscal 1987, an amount equal to 75 percent of the excess must be transferred to the state's Economic Stabilization Fund (ESF) from the General Revenue Fund. In addition to the oil and gas transfer, one half of any unencumbered balance in Fund 0001 at the close of the biennium must be transferred to the ESF. The transfer is made in the subsequent year, thus in fiscal year

2009, both oil and gas taxes exceeded the amount collected in fiscal 1987 and Fund 0001 had an unencumbered balance, resulting in a transfer in fiscal 2010.

The Property Tax Relief Fund had no ending cash balance. This year's revenues of \$2 billion and the prior year ending balance of \$3 billion were transferred out to the Foundation School Fund 193 to pay for property tax relief.

Tax collections, the major source of revenue reported in this agency experienced a 5.0% decrease from fiscal 2009. This was a result of statewide decreases in Sales Taxes (6.6%), Franchise Taxes (9.3%), Natural Gas Production Tax (48.5%) and other decreases in the remaining taxes. Oil production and regulation taxes, however, increased 14.0% from fiscal 2009. Interest and Investment Income on a statewide basis decreased 21.4% due to loss on investments and decreased interest rates as a result of the continued downturn in the economy.

NOTE 19: The Financial Reporting Entity

(Not Applicable)

NOTE 20: Stewardship, Compliance and Accountability

This section of the report reflects the activities of the Comptroller–Fiscal function (Agency 902) in the General Revenue Fund (0001), the Economic Stabilization Fund (0599), the Flood Area School and Road Expendable Trust Fund (0903), and other funds. The entire activity of the State's General Revenue Fund will be reflected in the State of Texas Comprehensive Annual Financial Report for the Year Ended August 31, 2010.

NOTE 21: Tobacco Settlement

The state of Texas settled a lawsuit against certain tobacco manufacturers in 1998. The settlement included monetary and injunctive relief. The tobacco manufacturers agreed to remit annual payments to the state. Estimates made at the time of the agreement projected that these payments could total \$15.1 billion over the first 25 years of the agreement. The actual amounts of the annual payments are subject to adjustments for domestic tobacco sales, inflation and any other court-ordered factors; however, the tobacco companies have no obligation to make settlement payments until cigarettes are shipped (sales). Since annual payments are based on cigarette sales from the preceding calendar year, a revenue accrual of \$342.9 million has been calculated on estimated sales from Jan. 1 to the end of the fiscal year. Tobacco settlement revenues were \$501.9 million in fiscal 2009 and \$500.9 million in fiscal 2010. Cumulative actual tobacco settlement revenues as of fiscal 2010 were \$6.7 billion.

NOTE 22: Donor-Restricted Endowments

(Not Applicable)

NOTE 23: Extraordinary and Special Items

(Not Applicable)

NOTE 24: Disaggregation of Receivables and Payables

See Note 1 for disaggregation of Other Payables.

NOTE 25: Termination Benefits

(Not Applicable)

NOTE 26: Segment Information

(Not Applicable)

NOTE 27: Taxes Receivables/Payables

A. Taxes Receivable

The Comptroller-Fiscal collects certain taxes for the State of Texas. Taxes receivable represent amounts due to the State at August 31, for revenues earned in the current fiscal year that will be collected in the future. The receivables have been

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recorded net of allowances for uncollectible accounts. Revenue is recorded on the governmental fund financial statements using the modified accrual basis of accounting for amounts due to the State of Texas at August 31 that are considered as “available” (e.g. received by the State within approximately 60 days after that date). Revenue earned but not “available” at August 31 is recorded as deferred revenue. Prepaid taxes are also recorded as deferred revenue.

On the government-wide financial statements a corresponding amount is recorded as revenue using the accrual basis of accounting, which includes revenue earned at fiscal year end regardless if it is available. Deferred revenue includes only the prepaid taxes that have not been earned by fiscal year end. Taxes receivable are the same for both modified and full accrual basis.

Taxes receivable have been netted against any refunds payable and estimated uncollectable taxes with the exception of the Franchise Tax and Oil and Gas Production Tax. Refunds payable will be shown separately for the Franchise Tax and Oil and Gas Production Taxes. The full accrual basis is reported on the government-wide financial statements in the *State of Texas Comprehensive Annual Financial Report*.

As of November 20, 2010 the taxes receivable and deferred revenue balances for the Franchise Tax had not been finalized. The Franchise Tax Revenue and Tax Receivable will be finalized after the final returns for the tax due May 15, 2010 are processed. The tax returns are due November 15, 2010. Adjustments will be made if necessary prior to publication of the CAFR.

Taxes receivable, as reported in the General Fund (Exhibit I), are detailed by tax type as follows:

Tax Type	Net Taxes Receivable
Sales and Use Tax	\$ 1,179,882,421.69
Motor Vehicle & MFG Housing	92,864,708.05
Motor Fuels	271,232,429.00
Oil & Natural Gas Production	(155,206,486.40)
Franchise	14,323,757.85
Insurance	138,448,348.84
Cigarette & Tobacco	28,131,123.00
Other	153,522,921.37
Total Net Taxes Receivable	<u>\$ 1,723,199,223.40</u>
As Reported on the Financial Statements	
Current Taxes Receivable	\$ 1,806,469,526.51
Noncurrent Taxes Receivable	303,467,073.21
Total Taxes Receivable	<u>\$ 2,109,936,599.71</u>
Refunds Payable	\$ (386,737,376.32)
Total Net Taxes Receivable	<u>\$ 1,723,199,223.40</u>

NOTE 28: Contested Taxes

Taxpayers may petition for a formal hearing before an independent administrative law judge if they wish to challenge a tax liability assessed by the state. If the request for a determination hearing is received within a specified time, the taxpayer does not have to pay the tax until a final decision is reached. Collectability of these assessments is dependent upon the decisions of administrative law judges. These assessments are not recognized as tax revenue until the administrative hearing is final. Therefore, these amounts are not included in the receivables reported in the financial statements. As of August 31, 2010, the redetermination hearings process had an estimated \$870 million.

NOTE 29: Deferred Revenue

The deferred revenue in general revenue of \$378 million consists of \$141 million tax prepayments that have not been earned, and \$237 million revenues earned but not available to finance expenditures of the current fiscal period.

NOTE 30: Unclaimed Property

The State holds certain property that is escheated to the State in the absence of legal claimants or heirs. Although a rightful owner can reclaim escheat property unto perpetuity, large portions of escheated property are never reclaimed. Additionally, the revenue generated from escheat property has always exceeded the amount needed to pay current claims. In fiscal year 2010, the unclaimed property fund received \$375 million of gross revenues, made \$163 million of claimant payments and transferred \$212 million to the general fund. The claimant liability in the general fund of \$163 million represents the probable amount that will be reclaimed and paid to claimants in the following year. As of August 31, 2010, a balance of \$38 million in marketable securities and mutual funds were held in trust. The State also holds an insignificant amount of personal property such as jewelry.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

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EXHIBIT A-1

Combining Balance Sheet – All General and Consolidated Funds

August 31, 2010

	Consolidated Funds			
	General Revenue Fund (0001) U/F (0001, 3214, 8001)	Law Enforcement Standards/Edu Fd (0116) U/F (0116)	Compensation Victims Crime Fd (0494) U/F (0494)	Economic Stabilization Fd (0599) U/F (0599)
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash in State Treasury	\$ (3,541,583,941.22)	\$	\$ 9,928,171.50	\$ 7,692,582,232.16
Receivables:				
Accounts				
Interest and Dividends			9,676.95	7,516,241.06
Taxes (Note 27)	1,806,469,526.50			
Due From Other Agencies (Note 12)	33,525,971.24	10,939,535.80		
Total Current Assets	<u>(1,701,588,443.48)</u>	<u>10,939,535.80</u>	<u>9,937,848.45</u>	<u>7,700,098,473.22</u>
Non-Current Assets:				
Taxes Receivable (Note 27)	303,467,073.21			
Total Non-Current Assets	<u>303,467,073.21</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Assets	<u>\$ (1,398,121,370.27)</u>	<u>\$ 10,939,535.80</u>	<u>\$ 9,937,848.45</u>	<u>\$ 7,700,098,473.22</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts	\$ 251,507.79	\$	\$	\$
Federal	1,331,697.00			
Other Intergovernmental	23,041,861.00			
Unclaimed Property Claimant Liabilities	163,048,531.46			
Taxes Refund Payable	386,737,376.32			
Due To Other Agencies (Note 12)	328,143,283.24		109,824.42	
Deferred Revenues	378,283,471.55			
Total Current Liabilities	<u>1,280,837,728.36</u>	<u>0.00</u>	<u>109,824.42</u>	<u>0.00</u>
Total Liabilities	<u>1,280,837,728.36</u>	<u>0.00</u>	<u>109,824.42</u>	<u>0.00</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances (Deficits):				
Reserved for Non-Current Tax Receivable	303,467,073.21			
Undesignated	(2,982,426,171.84)	10,939,535.80	9,828,024.03	7,700,098,473.22
Total Fund Balances	<u>(2,678,959,098.63)</u>	<u>10,939,535.80</u>	<u>9,828,024.03</u>	<u>7,700,098,473.22</u>
Total Liabilities and Fund Balances	<u>\$ (1,398,121,370.27)</u>	<u>\$ 10,939,535.80</u>	<u>\$ 9,937,848.45</u>	<u>\$ 7,700,098,473.22</u>

* Appropriated fund is noted as (XXXX), USAS D23 U/F (XXXX)

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Consolidated Funds						Total
Sporting Events Trust Fund (0830) U/F (0830)	Special Events Trust Fund (0836) U/F (0836)	Other Events Trust Fund (0869) U/F (0869)	Sexual Assault Program (5010) U/F (5010)	Tobacco Settlement Temporary Hold (5040) U/F (5040)	Jobs & Education for Texas 5143 U/F (5143)	(Exhibit I) 2010
\$ 9,658,112.81	\$ 72,979.00	\$ 20,997,644.83	\$	\$ 296,976,939.11	\$ 20,705,561.16	\$ 4,509,337,699.35
				342,955,333.33		342,955,333.33
					20,642.09	7,546,560.10
						1,806,469,526.50
						44,465,507.04
<u>9,658,112.81</u>	<u>72,979.00</u>	<u>20,997,644.83</u>	<u>0.00</u>	<u>639,932,272.44</u>	<u>20,726,203.25</u>	<u>6,710,774,626.32</u>
						303,467,073.21
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>303,467,073.21</u>
<u>\$ 9,658,112.81</u>	<u>\$ 72,979.00</u>	<u>\$ 20,997,644.83</u>	<u>\$ 0.00</u>	<u>\$ 639,932,272.44</u>	<u>\$ 20,726,203.25</u>	<u>\$ 7,014,241,699.53</u>
\$	\$	\$	\$	\$	\$	\$ 251,507.79
						1,331,697.00
						23,041,861.00
						163,048,531.46
						386,737,376.32
				8,060,328.63		336,313,436.29
				342,955,333.33		721,238,804.88
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>351,015,661.96</u>	<u>0.00</u>	<u>1,631,963,214.74</u>
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>351,015,661.96</u>	<u>0.00</u>	<u>1,631,963,214.74</u>
						303,467,073.21
<u>9,658,112.81</u>	<u>72,979.00</u>	<u>20,997,644.83</u>		<u>288,916,610.48</u>	<u>20,726,203.25</u>	<u>5,078,811,411.58</u>
<u>9,658,112.81</u>	<u>72,979.00</u>	<u>20,997,644.83</u>	<u>0.00</u>	<u>288,916,610.48</u>	<u>20,726,203.25</u>	<u>5,382,278,484.79</u>
<u>\$ 9,658,112.81</u>	<u>\$ 72,979.00</u>	<u>\$ 20,997,644.83</u>	<u>\$ 0.00</u>	<u>\$ 639,932,272.44</u>	<u>\$ 20,726,203.25</u>	<u>\$ 7,014,241,699.53</u>

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EXHIBIT A-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2010

	Consolidated Funds				
	General Revenue Fund (0001) U/F (0001, 3214, 9000)	Law Enforcement Standards/Edu Fd (0116) U/F (0116)	Compensation Victims Crime Fd (0494) U/F (0494)	Economic Stabilization Fd (0599) U/F (0599)	Sporting Events Trust Fund (0830) U/F (0830)
REVENUES					
Taxes	\$ 34,220,822,937.45	\$	\$	\$	\$
Licenses, Fees & Permits	1,092,444,043.73	6,600,743.81			
Interest and Other Investment Income	(30,840,934.47)		179,408.39	96,034,277.91	
Land Income	7,664,170.53				
Settlement of Claims	7,515,244.52		1,062,859.98		
Sales of Goods and Services	47,581,815.97				
Other	254,491,706.29	7,988.34	482.60	359.55	
Total Revenues	<u>35,599,678,984.02</u>	<u>6,608,732.15</u>	<u>1,242,750.97</u>	<u>96,034,637.46</u>	<u>0.00</u>
EXPENDITURES					
Payroll Related Costs	31,568,077.06				
Professional Fees and Services	9,995,418.54				
Materials and Supplies	97,826.96				
Communications and Utilities	332,092.36				
Repairs and Maintenance	894,731.83				
Claims and Judgments	29,145,154.46		67,085.19		
State Grant Pass-Through Expenditure					
Intergovernmental Payments	136,474,325.75	6,001,621.31			9,944,597.56
Public Assistance Payments	1,436,150.28				
Other Expenditures	72,588,130.33				
Interest	1,264,894.16				
Capital Outlay	1,471,980.98				
Total Expenditures	<u>285,268,782.71</u>	<u>6,001,621.31</u>	<u>67,085.19</u>	<u>0.00</u>	<u>9,944,597.56</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>35,314,410,201.31</u>	<u>607,110.84</u>	<u>1,175,665.78</u>	<u>96,034,637.46</u>	<u>(9,944,597.56)</u>
OTHER FINANCING SOURCES (USES)					
Transfer In (Note 12)	517,447,910.79			869,898,640.12	18,073,726.37
Transfer Out (Note 12)	(15,897,926,841.00)		(10,178,732.54)		
Legislative Transfer Out	(18,258,542,034.32)				
Insurance Recoveries	1,500,185.25				
Total Other Financing Sources (Uses)	<u>(33,637,520,779.28)</u>	<u>0.00</u>	<u>(10,178,732.54)</u>	<u>869,898,640.12</u>	<u>18,073,726.37</u>
Net Change in Fund Balances	<u>1,676,889,422.03</u>	<u>607,110.84</u>	<u>(9,003,066.76)</u>	<u>965,933,277.58</u>	<u>8,129,128.81</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances, September 1, 2009	(4,355,848,520.66)	10,332,424.96	18,831,090.79	6,734,165,195.64	1,528,984.00
Restatements (Note 14)					
Fund Balances, September 1, 2009, as Restated	<u>(4,355,848,520.66)</u>	<u>10,332,424.96</u>	<u>18,831,090.79</u>	<u>6,734,165,195.64</u>	<u>1,528,984.00</u>
Fund Balances, August 31, 2010	<u>\$ (2,678,959,098.63)</u>	<u>\$ 10,939,535.80</u>	<u>\$ 9,828,024.03</u>	<u>\$ 7,700,098,473.22</u>	<u>\$ 9,658,112.81</u>

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Consolidated Funds					Total
Special Events Trust Fund (0836) U/F (0836)	Other Events Trust Fund (0869) U/F (0869)	Sexual Assault Program (5010) U/F (5010)	Tobacco Settlement Temporary Hold (5040) U/F (5040)	Jobs & Education for Texas 5143 U/F (5143)	(Exhibit II) 2010
\$	\$	\$	\$	\$	\$
		1,050,355.01			34,220,822,937.45
					1,100,095,142.55
				172,803.71	65,545,555.54
					7,664,170.53
			500,872,506.58		509,450,611.08
					47,581,815.97
			485.81		254,501,022.59
0.00	0.00	1,050,355.01	500,872,992.39	172,803.71	36,205,661,255.71
					31,568,077.06
					9,995,418.54
					97,826.96
					332,092.36
					894,731.83
					29,212,239.65
				135,000.00	135,000.00
70,050.00	3,903,422.17			4,311,600.46	160,705,617.25
					1,436,150.28
					72,588,130.33
					1,264,894.16
					1,471,980.98
70,050.00	3,903,422.17	0.00	0.00	4,446,600.46	309,702,159.40
(70,050.00)	(3,903,422.17)	1,050,355.01	500,872,992.39	(4,273,796.75)	35,895,959,096.31
70,050.00	14,901,067.00			25,000,000.00	1,445,391,394.28
		(1,050,355.01)	(578,454,480.50)		(16,487,610,409.05)
					(18,258,542,034.32)
					1,500,185.25
70,050.00	14,901,067.00	(1,050,355.01)	(578,454,480.50)	25,000,000.00	(33,299,260,863.84)
0.00	10,997,644.83	0.00	(77,581,488.11)	20,726,203.25	2,596,698,232.47
72,979.00	10,000,000.00		698,428,765.26		3,117,510,918.99
			(331,930,666.67)		(331,930,666.67)
72,979.00	10,000,000.00	0.00	366,498,098.59	0.00	2,785,580,252.32
\$ 72,979.00	\$ 20,997,644.83	\$ 0.00	\$ 288,916,610.48	\$ 20,726,203.25	\$ 5,382,278,484.79

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UNAUDITED
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EXHIBIT B-1

Combining Balance Sheet – Special Revenue Funds

August 31, 2010

	County & Road District Highway Fund (0057) U/F (0057)	Property Tax Relief Fund (0304) U/F (0304)	Binding Arbitration Trust Fund Fund (0838) U/F (8380)	International Fuels Tax Agreement Trust Fund (0886) U/F (0886)	Total (Exhibit I) 2010
ASSETS					
Current Assets:					
Cash and Cash Equivalents:					
Cash in State Treasury	\$ 229,118.53	\$	\$ 450.00	\$ 23,592,581.90	\$ 23,822,150.43
Receivables From:					
Interest and Dividends		131,280.75			131,280.75
Due From Other Agencies (Note 12)					
Total Current Assets	<u>229,118.53</u>	<u>131,280.75</u>	<u>450.00</u>	<u>23,592,581.90</u>	<u>23,953,431.18</u>
Total Assets	<u>\$ 229,118.53</u>	<u>\$ 131,280.75</u>	<u>\$ 450.00</u>	<u>\$ 23,592,581.90</u>	<u>\$ 23,953,431.18</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Current Liabilities:					
Accounts Payable	\$	\$	\$	\$	\$
Due to Other Agencies (Note 12)					
Total Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
FUND FINANCIAL STATEMENT –					
FUND BALANCES					
Fund Balances (Deficits):					
Unreserved Designated for:					
Other	229,118.53	131,280.75	450.00	23,592,581.90	23,953,431.18
Total Fund Balances	<u>229,118.53</u>	<u>131,280.75</u>	<u>450.00</u>	<u>23,592,581.90</u>	<u>23,953,431.18</u>
Total Liabilities and Fund Balances	<u>\$ 229,118.53</u>	<u>\$ 131,280.75</u>	<u>\$ 450.00</u>	<u>\$ 23,592,581.90</u>	<u>\$ 23,953,431.18</u>

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT B-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Special Revenue Funds

For the Fiscal Year Ended August 31, 2010

	County & Road District Highway Fund (0057) U/F (0057)	Property Tax Relief Fund (0304) U/F (0304)	Binding Arbitration Trust Fund (0838) U/F (8380)	International Fuels Tax Agreement Trust Fund (0886) U/F (0886)	Total (Exhibit II) 2010
REVENUES					
Taxes	\$	\$ 2,016,365,418.54	\$	\$	\$ 2,016,365,418.54
Interest and Other Investment Income		3,885,097.80		319,314.71	4,204,412.51
Other		1,209.60	188,101.00	21,564,041.97	21,753,352.57
Total Revenues	0.00	2,020,251,725.94	188,101.00	21,883,356.68	2,042,323,183.62
EXPENDITURES					
Intergovernmental Payments	7,300,000.00			19,527,777.52	26,827,777.52
Professional Fees and Services			189,001.00		189,001.00
Claims and Judgments					
Total Expenditures	7,300,000.00	0.00	189,001.00	19,527,777.52	27,016,778.52
Excess (Deficiency) of Revenues Over Expenditures	(7,300,000.00)	2,020,251,725.94	(900.00)	2,355,579.16	2,015,306,405.10
OTHER FINANCING SOURCES (USES)					
Transfer In (Note 12)	7,300,000.00				7,300,000.00
Transfer Out (Note 12)		(5,024,003,074.42)		(319,314.71)	(5,024,322,389.13)
Total Other Financing Sources (Uses)	7,300,000.00	(5,024,003,074.42)	0.00	(319,314.71)	(5,017,022,389.13)
Net Change in Fund Balances	0.00	(3,003,751,348.48)	(900.00)	2,036,264.45	(3,001,715,984.03)
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances, September 1, 2009	229,118.53	3,003,882,629.23	1,350.00	21,556,317.45	3,025,669,415.21
Restatements					
Fund Balances, September 1, 2009, as Restated	229,118.53	3,003,882,629.23	1,350.00	21,556,317.45	3,025,669,415.21
Fund Balances, August 31, 2010	\$ 229,118.53	\$ 131,280.75	\$ 450.00	\$ 23,592,581.90	\$ 23,953,431.18

* Appropriated fund is noted as (XXXX), USAS D23 U/F (XXXX)

UNAUDITED
Comptroller – Fiscal (902)

EXHIBIT I-1

Combining Statement of Fiduciary Net Assets – Private-Purpose Trust Funds

August 31, 2010

	Private Purpose Tobacco Settlement Political Subdivision Trust (0872) U/F (2872)	Federal Resource Receipt Distribution Fund (0521) U/F (0521)	Private Purpose Flood Area School and Road Trust Fund (0903) U/F (0903)	Total (Exhibit VI) 2010
ASSETS				
Cash and Cash Equivalents:				
Cash in State Treasury	\$	\$ 17,479.83	\$ 1,785,493.38	\$ 1,802,973.21
Receivables:				
Federal			1,651.28	1,651.28
Interest and Dividends			1,787,144.66	1,804,624.49
Total Assets	<u>0.00</u>	<u>17,479.83</u>	<u>1,787,144.66</u>	<u>1,804,624.49</u>
LIABILITIES				
Accounts Payable			1,107,509.66	1,107,509.66
Deferred Revenues		17,479.83		17,479.83
Total Liabilities	<u>0.00</u>	<u>17,479.83</u>	<u>1,107,509.66</u>	<u>1,124,989.49</u>
NET ASSETS				
Held In Trust For:				
Individuals, Organizations, and				
Other Governments			679,635.00	679,635.00
Total Net Assets	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 679,635.00</u>	<u>\$ 679,635.00</u>

EXHIBIT I-2

Combining Statement of Changes in Fiduciary Net Assets – Private-Purpose Trust Funds

For the Fiscal Year Ended August 31, 2010

	Private Purpose Tobacco Settlement Political Subdivision Trust (0872) U/F (2872)	Private Purpose Flood Area School and Road Trust Fund (0903) U/F (0903)	Total (Exhibit VII) 2010
ADDITIONS			
Contributions:			
Investment Income:			
From Investing Activities			
Interest and Investment Income	\$	\$ 40,624.98	\$ 40,624.98
Total Investment Income	0.00	40,624.98	40,624.98
Other Additions:			
Federal Revenue		3,275,994.67	3,275,994.67
Other Revenue			
Transfers-In (Note 12)	46,151,923.00		46,151,923.00
Total Other Additions	46,151,923.00	3,275,994.67	49,427,917.67
Total Additions	46,151,923.00	3,316,619.65	49,468,542.65
DEDUCTIONS			
Intergovernmental Payments	46,151,923.00	3,275,994.67	49,427,917.67
Transfers-Out (Note 12)			
Total Deductions	46,151,923.00	3,275,994.67	49,427,917.67
NET INCREASE (DECREASE)	0.00	40,624.98	40,624.98
Net Assets, September 1, 2009	0.00	639,010.02	639,010.02
Restatements (Note 14)	0.00	0.00	0.00
Net Assets, September 1, 2009, as Restated	0.00	639,010.02	639,010.02
Net Assets – August 31, 2010	\$ 0.00	\$ 679,635.00	\$ 679,635.00

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EXHIBIT J-1

Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2010

	Beginning Balance Sept. 1, 2009	Additions	Deductions	Ending Balance Aug. 31, 2010
General Revenue Fund (0001) –				
Unclaimed Property Securities Receipts (U/F 4113)				
ASSETS				
Investments:				
U.S. Government & Agency Obligations (Note 3)	\$ 217,002.71	\$ 156,315.42	\$ 217,002.71	\$ 156,315.42
Corporate Obligations (Note 3)	113,925.26	140,414.34	113,925.26	140,414.34
Corporate Equity (Note 3)	137,281,350.79	205,437,726.83	137,281,350.79	205,437,726.83
Pooled Investments Note 3)	40,379,577.09	38,251,086.22	40,379,577.09	38,251,086.22
Other Investments (Note 3)	1,760,428.77	2,392,680.27	1,760,428.77	2,392,680.27
Total Assets	<u>\$ 179,752,284.62</u>	<u>\$ 246,378,223.08</u>	<u>\$ 179,752,284.62</u>	<u>\$ 246,378,223.08</u>
LIABILITIES				
Funds Held for Others	\$ 179,752,284.62	\$ 246,378,223.08	\$ 179,752,284.62	\$ 246,378,223.08
Total Liabilities	<u>\$ 179,752,284.62</u>	<u>\$ 246,378,223.08</u>	<u>\$ 179,752,284.62</u>	<u>\$ 246,378,223.08</u>
OTHER AGENCY FUNDS				
Sporting Events for Municipality/County				
Trust Fund (0830) U/F (0830)				
ASSETS				
Cash in State Treasury	\$ 184,507.00	\$ 3,015,536.43	\$ 1,675,544.23	\$ 1,524,499.20
Total Assets	<u>\$ 184,507.00</u>	<u>\$ 3,015,536.43</u>	<u>\$ 1,675,544.23</u>	<u>\$ 1,524,499.20</u>
LIABILITIES				
Funds Held for Others	\$ 184,507.00	\$ 3,015,536.43	\$ 1,675,544.23	\$ 1,524,499.20
Total Liabilities	<u>\$ 184,507.00</u>	<u>\$ 3,015,536.43</u>	<u>\$ 1,675,544.23</u>	<u>\$ 1,524,499.20</u>
Binding Arbitration				
Trust Fund (0838) U/F (0838)				
ASSETS				
Cash in State Treasury	\$ 148,600.00	\$ 637,800.02	\$ 658,900.02	\$ 127,500.00
Total Assets	<u>\$ 148,600.00</u>	<u>\$ 637,800.02</u>	<u>\$ 658,900.02</u>	<u>\$ 127,500.00</u>
LIABILITIES				
Funds Held for Others	\$ 148,600.00	\$ 637,800.02	\$ 658,900.02	\$ 127,500.00
Total Liabilities	<u>\$ 148,600.00</u>	<u>\$ 637,800.02</u>	<u>\$ 658,900.02</u>	<u>\$ 127,500.00</u>
Fireworks Tax Security				
Trust Account (0862) U/F (0862)				
ASSETS				
Cash in State Treasury	\$ 3,675.00	\$ 5,625.00	\$ 3,875.00	\$ 5,425.00
Total Assets	<u>\$ 3,675.00</u>	<u>\$ 5,625.00</u>	<u>\$ 3,875.00</u>	<u>\$ 5,425.00</u>
LIABILITIES				
Funds Held for Others	\$ 3,675.00	\$ 5,625.00	\$ 3,875.00	\$ 5,425.00
Total Liabilities	<u>\$ 3,675.00</u>	<u>\$ 5,625.00</u>	<u>\$ 3,875.00</u>	<u>\$ 5,425.00</u>
Custom Brokers Bond/Security				
Trust Fund (0866) U/F (0866)				
ASSETS				
Cash in State Treasury	\$ 10,000.00	\$ 11,000.00	\$ 10,000.00	\$ 11,000.00
Total Assets	<u>\$ 10,000.00</u>	<u>\$ 11,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 11,000.00</u>
LIABILITIES				
Funds Held for Others	\$ 10,000.00	\$ 11,000.00	\$ 10,000.00	\$ 11,000.00
Total Liabilities	<u>\$ 10,000.00</u>	<u>\$ 11,000.00</u>	<u>\$ 10,000.00</u>	<u>\$ 11,000.00</u>

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EXHIBIT J-1 (continued)

Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2010

	Beginning Balance Sept. 1, 2009	Additions	Deductions	Ending Balance Aug. 31, 2010
Texas Racing Commission Security Trust Fund (0868) U/F (0868)				
ASSETS				
Cash in State Treasury	\$ 1,900.00	\$ 4,000.00	\$ 1,900.00	\$ 4,000.00
Total Assets	<u>\$ 1,900.00</u>	<u>\$ 4,000.00</u>	<u>\$ 1,900.00</u>	<u>\$ 4,000.00</u>
LIABILITIES				
Funds Held for Others	\$ 1,900.00	\$ 4,000.00	\$ 1,900.00	\$ 4,000.00
Total Liabilities	<u>\$ 1,900.00</u>	<u>\$ 4,000.00</u>	<u>\$ 1,900.00</u>	<u>\$ 4,000.00</u>
Other Events Trust Fund (0869) U/F (8690)				
ASSETS				
Cash in State Treasury	\$	\$ 2,409,371.00	\$ 624,547.55	\$ 1,784,823.45
Total Assets	<u>\$ 0.00</u>	<u>\$ 2,409,371.00</u>	<u>\$ 624,547.55</u>	<u>\$ 1,784,823.45</u>
LIABILITIES				
Funds Held for Others	\$	\$ 2,409,371.00	\$ 624,547.55	\$ 1,784,823.45
Total Liabilities	<u>\$ 0.00</u>	<u>\$ 2,409,371.00</u>	<u>\$ 624,547.55</u>	<u>\$ 1,784,823.45</u>
Local Tax Collections For Sports/Community Venue Project Trust Fund (0874) U/F (0874)				
ASSETS				
Cash in State Treasury	\$ 3,155,347.62	\$ 41,917,523.88	\$ 41,287,806.20	\$ 3,785,065.30
Total Assets	<u>\$ 3,155,347.62</u>	<u>\$ 41,917,523.88</u>	<u>\$ 41,287,806.20</u>	<u>\$ 3,785,065.30</u>
LIABILITIES				
Funds Held for Others	\$ 3,155,347.62	\$ 41,917,523.88	\$ 41,287,806.20	\$ 3,785,065.30
Total Liabilities	<u>\$ 3,155,347.62</u>	<u>\$ 41,917,523.88</u>	<u>\$ 41,287,806.20</u>	<u>\$ 3,785,065.30</u>
City, County, MTA & SPD Sales Tax Trust (0882) U/F (0882)				
ASSETS				
Cash in State Treasury	\$ 743,121,225.74	\$ 6,838,471,298.52	\$ 6,835,559,291.70	\$ 746,033,232.56
Total Assets	<u>\$ 743,121,225.74</u>	<u>\$ 6,838,471,298.52</u>	<u>\$ 6,835,559,291.70</u>	<u>\$ 746,033,232.56</u>
LIABILITIES				
Other Intergovernmental Payables	\$ 743,121,225.74	\$ 6,838,471,298.52	\$ 6,835,559,291.70	\$ 746,033,232.56
Total Liabilities	<u>\$ 743,121,225.74</u>	<u>\$ 6,838,471,298.52</u>	<u>\$ 6,835,559,291.70</u>	<u>\$ 746,033,232.56</u>
International Fuels Tax Agreement (IFTA) Guaranty Trust Account (0884) U/F (0884)				
ASSETS				
Cash in State Treasury	\$ 4,525.00	\$ 20,025.00	\$ 5,550.00	\$ 19,000.00
Total Assets	<u>\$ 4,525.00</u>	<u>\$ 20,025.00</u>	<u>\$ 5,550.00</u>	<u>\$ 19,000.00</u>
LIABILITIES				
Funds Held for Others	\$ 4,525.00	\$ 20,025.00	\$ 5,550.00	\$ 19,000.00
Total Liabilities	<u>\$ 4,525.00</u>	<u>\$ 20,025.00</u>	<u>\$ 5,550.00</u>	<u>\$ 19,000.00</u>

Continued on the following page

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Comptroller – Fiscal (902)

EXHIBIT J-1 (continued)

Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2010

	Beginning Balance Sept. 1, 2009	Additions	Deductions	Ending Balance Aug. 31, 2010
Departmental Suspense Fund				
(0900) U/F (0900)				
ASSETS				
Cash in State Treasury	\$ 11,705,604.52	\$ 495,584,037.38	\$ 501,605,376.91	\$ 5,684,264.99
Total Assets	<u>\$ 11,705,604.52</u>	<u>\$ 495,584,037.38</u>	<u>\$ 501,605,376.91</u>	<u>\$ 5,684,264.99</u>
LIABILITIES				
Funds Held for Others	\$ 11,705,604.52	\$ 495,584,037.38	\$ 501,605,376.91	\$ 5,684,264.99
Total Liabilities	<u>\$ 11,705,604.52</u>	<u>\$ 495,584,037.38</u>	<u>\$ 501,605,376.91</u>	<u>\$ 5,684,264.99</u>
Motor Fuel Distributor's Bond Guaranty				
(0904) U/F (0904)				
ASSETS				
Cash in State Treasury	\$ 759,285.63	\$ 849,285.63	\$ 849,285.63	\$ 759,285.63
Total Assets	<u>\$ 759,285.63</u>	<u>\$ 849,285.63</u>	<u>\$ 849,285.63</u>	<u>\$ 759,285.63</u>
LIABILITIES				
Funds Held for Others	\$ 759,285.63	\$ 849,285.63	\$ 849,285.63	\$ 759,285.63
Total Liabilities	<u>\$ 759,285.63</u>	<u>\$ 849,285.63</u>	<u>\$ 849,285.63</u>	<u>\$ 759,285.63</u>
Mixed Beverage Tax Guaranty				
(0906) U/F (0906)				
ASSETS				
Cash in State Treasury	\$ 9,145,189.43	\$ 12,554,548.62	\$ 11,077,043.40	\$ 10,622,694.65
Total Assets	<u>\$ 9,145,189.43</u>	<u>\$ 12,554,548.62</u>	<u>\$ 11,077,043.40</u>	<u>\$ 10,622,694.65</u>
LIABILITIES				
Funds Held for Others	\$ 9,145,189.43	\$ 12,554,548.62	\$ 11,077,043.40	\$ 10,622,694.65
Total Liabilities	<u>\$ 9,145,189.43</u>	<u>\$ 12,554,548.62</u>	<u>\$ 11,077,043.40</u>	<u>\$ 10,622,694.65</u>
Sales Tax Guaranty Trust				
(0962) U/F (0962)				
ASSETS				
Cash in State Treasury	\$ 20,180,516.33	\$ 28,100,269.14	\$ 25,860,672.03	\$ 22,420,113.44
Total Assets	<u>\$ 20,180,516.33</u>	<u>\$ 28,100,269.14</u>	<u>\$ 25,860,672.03</u>	<u>\$ 22,420,113.44</u>
LIABILITIES				
Funds Held for Others	\$ 20,180,516.33	\$ 28,100,269.14	\$ 25,860,672.03	\$ 22,420,113.44
Total Liabilities	<u>\$ 20,180,516.33</u>	<u>\$ 28,100,269.14</u>	<u>\$ 25,860,672.03</u>	<u>\$ 22,420,113.44</u>
Direct Deposit Correction Account				
(0980) U/F (0980)				
ASSETS				
Cash in State Treasury	\$ 1,551,458.15	\$ 35,572,516.73	\$ 37,119,496.04	\$ 4,478.84
Total Assets	<u>\$ 1,551,458.15</u>	<u>\$ 35,572,516.73</u>	<u>\$ 37,119,496.04</u>	<u>\$ 4,478.84</u>
LIABILITIES				
Funds Held for Others	\$ 1,551,458.15	\$ 35,572,516.73	\$ 37,119,496.04	\$ 4,478.84
Total Liabilities	<u>\$ 1,551,458.15</u>	<u>\$ 35,572,516.73</u>	<u>\$ 37,119,496.04</u>	<u>\$ 4,478.84</u>

Concluded on the following page

UNAUDITED
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EXHIBIT J-1 (concluded)

Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2010

	Beginning Balance Sept. 1, 2009	Additions	Deductions	Ending Balance Aug. 31, 2010
Totals – All Agency Funds				
ASSETS				
Cash in State Treasury	\$ 789,971,834.42	\$ 7,459,152,837.35	\$ 7,456,339,288.71	\$ 792,785,383.06
Investments:				
U.S. Government & Agency Obligations (Note 3)	217,002.71	156,315.42	217,002.71	156,315.42
Corporate Obligations (Note 3)	113,925.26	140,414.34	113,925.26	140,414.34
Corporate Equity (Note 3)	137,281,350.79	205,437,726.83	137,281,350.79	205,437,726.83
Pooled Investments Note 3)	40,379,577.09	38,251,086.22	40,379,577.09	38,251,086.22
Other Investments (Note 3)	1,760,428.77	2,392,680.27	1,760,428.77	2,392,680.27
Total Assets	<u>\$ 969,724,119.04</u>	<u>\$ 7,705,531,060.43</u>	<u>\$ 7,636,091,573.33</u>	<u>\$ 1,039,163,606.14</u>
LIABILITIES				
Intergovernmental Payables	\$ 743,121,225.74	\$ 6,838,471,298.52	\$ 6,835,559,291.70	\$ 746,033,232.56
Funds Held for Others	226,602,893.30	867,059,761.91	800,532,281.63	293,130,373.58
Total Liabilities	<u>\$ 969,724,119.04</u>	<u>\$ 7,705,531,060.43</u>	<u>\$ 7,636,091,573.33</u>	<u>\$ 1,039,163,606.14</u>

SUPPLEMENTARY SCHEDULES

UNAUDITED
Comptroller – Fiscal (902)

SCHEDULE 1A

Schedule of Federal Financial Assistance

For the Fiscal Year Ended August 31, 2010

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Pass-Through From		Direct Program Amount	Total Pass- Through & Direct Program
		State Agy. or Univ. Amount	Non-State Entities Amount		
U.S. Department of Defense					
Payment to States in Lieu of					
Real Estate Taxes	12.112	\$	\$	\$ 3,275,994.67	\$ 3,275,994.67
Total U.S. Dept of Defense		0.00	0.00	3,275,994.67	3,275,994.67
Total Federal Financial Assistance		\$ 0.00	\$ 0.00	\$ 3,275,994.67	\$ 3,275,994.67

NOTE 2 – RECONCILIATION

Per Combined Statement of
Changes in Fiduciary Net Assets –
Fiduciary Funds – (Exh VII):

Federal Revenues	\$ 3,275,994.67
Reconciling Items	0.00
Total Pass-Through and Expenditures Per Federal Schedule	\$ 3,275,994.67

NOTE 7 – FEDERAL DEFERRED REVENUE

CFDA	Balance 09/01/09	Net Change	Balance 08/31/10
15.227	\$ 1,621.83	\$ 15,858.00	\$ 17,479.83

The deferred revenue of \$17,479.83 are federal grant prepayments that have not been earned. This relates to CFDA 15.227 – Distribution of Receipts to State and Local Governments

UNAUDITED
Comptroller – Fiscal (902)

Pass-Through To		Expenditures Amount	Total Pass- Through & Expenditures
State Agy. or Univ. Amount	Non-State Entities Amount		
\$	\$	\$ 3,275,994.67	\$ 3,275,994.67
0.00	0.00	3,275,994.67	3,275,994.67
\$ 0.00	\$ 0.00	\$ 3,275,994.67	\$ 3,275,994.67

SCHEDULE 1B

Schedule of Pass-Through Grants From/To State Agencies

For the Fiscal Year Ended August 31, 2010

Pass Through To:	Grant ID	Agency Number	
Jobs and Education for Texas Program (Jet)			
Lamar State College	902.0001	787	<u>\$ 135,000.00</u>
Total Pass-Through to Other Agencies (Exh. II)			<u><u>\$ 135,000.00</u></u>

UNAUDITED
Comptroller – Fiscal (902)

SCHEDULE 4

**Schedule of Modified to Full Accrual Adjustments – Governmental Funds
Balance Sheet/Statement of Net Assets – Governmental Funds**

August 31, 2010

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
ASSETS					
Current Assets:					
Cash in State Treasury	\$ 4,533,159,849.78	\$	\$	\$	\$ 4,533,159,849.78
Receivables:					
Accounts Receivable	342,955,333.33				342,955,333.33
Interest and Dividends	7,677,840.85				7,677,840.85
Taxes	1,806,469,526.50				1,806,469,526.50
Due From Other Agencies	44,465,507.04				44,465,507.04
Total Current Assets	<u>6,734,728,057.50</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>6,734,728,057.50</u>
Non-Current Assets:					
Taxes Receivable	303,467,073.21				303,467,073.21
Capital Assets:					
Depreciable					
Furniture and Equipment		4,391,938.89			4,391,938.89
Accumulated Depreciation		(1,344,311.60)			(1,344,311.60)
Computer Software		11,647,925.01			11,647,925.01
Accumulated Amortization		(8,018,742.62)			(8,018,742.62)
Total Non-Current Assets	<u>303,467,073.21</u>	<u>6,676,809.68</u>	<u>0.00</u>	<u>0.00</u>	<u>310,143,882.89</u>
Total Assets	<u>\$ 7,038,195,130.71</u>	<u>\$ 6,676,809.68</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 7,044,871,940.39</u>
LIABILITIES AND FUND BALANCES					
Current Liabilities:					
Payables From:					
Accounts Payable	\$ 251,507.79	\$	\$	\$	\$ 251,507.79
Federal	1,331,697.00				1,331,697.00
Other Intergovernmental	23,041,861.00				23,041,861.00
Unclaimed Property Claimant Liabilities	163,048,531.46				163,048,531.46
Taxes Refund Payable	386,737,376.32				386,737,376.32
Due to Other Agencies	336,313,436.29				336,313,436.29
Deferred Revenues	721,238,804.88			(580,544,081.04)	140,694,723.84
Total Current Liabilities	<u>1,631,963,214.74</u>	<u>0.00</u>	<u>0.00</u>	<u>(580,544,081.04)</u>	<u>1,051,419,133.70</u>
Total Liabilities	<u>1,631,963,214.74</u>	<u>0.00</u>	<u>0.00</u>	<u>(580,544,081.04)</u>	<u>1,051,419,133.70</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances (Deficits):					
Reserved for Non-Current Tax Receivable	303,467,073.21				
Unreserved Designated for:					
Other	23,953,431.18				
Undesignated	5,078,811,411.58				
Total Fund Balances	<u>5,406,231,915.97</u>				
Total Liabilities and Fund Balance	<u>\$ 7,038,195,130.71</u>				
GOVERNMENT-WIDE STATEMENT – NET ASSETS					
Net Assets:					
Invested in Capital Assets,					
Net of Related Debt	\$ 5,406,231,915.97	\$ 6,676,809.68	\$	\$ 580,544,081.04	\$ 6,676,809.68
Unrestricted	5,406,231,915.97			580,544,081.04	5,986,775,997.01
Total Net Assets	<u>\$ 5,406,231,915.97</u>	<u>\$ 6,676,809.68</u>	<u>\$ 0.00</u>	<u>\$ 580,544,081.04</u>	<u>\$ 5,993,452,806.69</u>

SCHEDULE 4

Schedule of Modified to Full Accrual Adjustments – Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities – Governmental Funds

For the Fiscal Year Ended August 31, 2010

	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
REVENUES					
Taxes	\$ 36,237,188,355.99	\$	\$	\$ 580,544,081.04	\$ 36,817,732,437.03
Licenses, Fees & Permits	1,100,095,142.55				1,100,095,142.55
Interest and Other Investment Income	69,749,968.05				69,749,968.05
Land Income	7,664,170.53				7,664,170.53
Settlement of Claims	509,450,611.08				509,450,611.08
Sales of Goods and Services	47,581,815.97				47,581,815.97
Other	276,254,375.16				276,254,375.16
Total Revenues	<u>38,247,984,439.33</u>	<u>0.00</u>	<u>0.00</u>	<u>580,544,081.04</u>	<u>38,828,528,520.37</u>
EXPENDITURES					
Payroll Related Costs	31,568,077.06				31,568,077.06
Professional Fees and Services	10,184,419.54				10,184,419.54
Materials and Supplies	97,826.96				97,826.96
Communications and Utilities	332,092.36				332,092.36
Repairs and Maintenance	894,731.83				894,731.83
Claims and Judgments	29,212,239.65				29,212,239.65
State Grant Pass-Through Expenditure	135,000.00				135,000.00
Intergovernmental Payments	187,533,394.77				187,533,394.77
Public Assistance Payments	1,436,150.28				1,436,150.28
Other Expenditures	72,588,130.33				72,588,130.33
Interest	1,264,894.16				1,264,894.16
Capital Outlay	1,471,980.98	(1,471,980.98)			
Depreciation/Amortization Expense		2,467,434.00			2,467,434.00
Total Expenditures	<u>336,718,937.92</u>	<u>995,453.02</u>	<u>0.00</u>	<u>0.00</u>	<u>337,714,390.94</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>37,911,265,501.41</u>	<u>(995,453.02)</u>	<u>0.00</u>	<u>580,544,081.04</u>	<u>38,490,814,129.43</u>
OTHER FINANCING SOURCES (USES)					
Net Inc (Dec) on Transfer of Capital Assets					
Transfer In	1,452,691,394.28				1,452,691,394.28
Transfer Out	(21,511,932,798.18)				(21,511,932,798.18)
Legislative Transfer Out	(18,258,542,034.32)				(18,258,542,034.32)
Insurance Recoveries	1,500,185.25				1,500,185.25
Total Other Financing Sources and Uses	<u>(38,316,283,252.97)</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>(38,316,283,252.97)</u>
Net Change in Fund Balances/Net Assets	<u>(405,017,751.56)</u>	<u>(995,453.02)</u>		<u>580,544,081.04</u>	<u>174,530,876.46</u>
FUND FINANCIAL STATEMENT – FUND BALANCES					
Fund Balances, September 1, 2009	6,143,180,334.20				
Restatements		(2.64)			
Fund Balances, September 1, 2009, as Restated	<u>6,143,180,334.20</u>				
Fund Balances, August 31, 2010	<u>\$ 5,738,162,582.64</u>				
GOVERNMENT-WIDE STATEMENT – NET ASSETS					
Net Assets/Net Change in Net Assets	<u>\$ (405,017,751.56)</u>	<u>\$ (995,455.66)</u>	<u>\$ 0.00</u>	<u>\$ 580,544,081.04</u>	<u>\$ 174,530,876.46</u>
Net Assets, September 1, 2009	6,143,180,334.20	7,672,265.34			6,150,852,599.54
Restatements	(331,930,666.67)				(331,930,666.67)
Net Assets, September 1, 2009, as Restated	<u>5,811,249,667.53</u>	<u>7,672,265.34</u>	<u>0.00</u>	<u>0.00</u>	<u>5,818,921,932.87</u>
Net Assets, August 31, 2010	<u>\$ 5,406,231,915.97</u>	<u>\$ 6,676,809.68</u>	<u>\$ 0.00</u>	<u>\$ 580,544,081.04</u>	<u>\$ 5,993,452,806.69</u>

SCHEDULE 5

Schedule of Tax Revenue, Tax Receivable and Deferred Tax Revenue

For the Fiscal Year Ended August 31, 2010

Tax Type	Tax Revenue		Taxes Receivable	Refunds Payable	Net Taxes Receivable
	Modified Accrual	Full Accrual			
Sales and Use	\$ 19,713,467,012.36	\$ 19,764,661,848.15	\$ 1,179,882,421.69	\$	\$ 1,179,882,421.69
Motor Vehicle & MFG Housing	2,616,573,748.05	2,616,683,155.86	92,864,708.05		92,864,708.05
Motor Fuels	3,059,795,501.59	3,060,264,664.58	271,232,429.00		271,232,429.00
Oil & Natural Gas Production	2,157,333,754.39	2,157,333,754.39	231,530,889.91	(386,737,376.32)	(155,206,486.40)
Franchise	3,086,015,328.14	3,086,015,328.14	14,323,757.85		14,323,757.85
Insurance	1,321,394,358.82	1,438,523,290.49	138,448,348.84		138,448,348.84
Cigarette & Tobacco	578,010,095.91	588,157,193.90	28,131,123.00		28,131,123.00
Other Taxes:					
Alcoholic Beverage	811,225,230.55	813,404,549.94	55,110,412.12		55,110,412.12
Utility	482,598,468.54	538,919,455.05	66,456,811.86		66,456,811.86
Hotel and Motel	334,246,698.21	334,285,703.78	31,955,697.40		31,955,697.40
Other	60,162,740.89	60,162,740.89			
Total Taxes	\$ 34,220,822,937.45	\$ 34,458,411,685.16	\$ 2,109,936,599.71	\$ (386,737,376.32)	\$ 1,723,199,223.40

Tax Type	Deferred Tax Revenue	
	Modified Accrual	Full Accrual
Sales and Use	\$ 123,828,008.28	\$ 72,633,172.49
Motor Vehicle & MFG Housing	109,407.81	
Motor Fuels	469,162.98	
Oil & Natural Gas Production	68,061,551.35	68,061,551.35
Franchise		
Insurance	117,128,931.67	
Cigarette & Tobacco	10,147,097.99	
Other Taxes:		
Alcoholic Beverage	2,179,319.39	
Utility	56,320,986.51	
Hotel and Motel	39,005.57	
Other		
Total Taxes	\$ 378,283,471.56	\$ 140,694,723.84

Comptroller Treasury – Fiscal (311)

BASIC FINANCIAL STATEMENTS

UNAUDITED
Comptroller Treasury – Fiscal (311)

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT I

**Combined Balance Sheet/Statement of Net Assets –
Governmental Funds**

August 31, 2010

	Governmental Fund Types		Governmental
	General Funds (Ex A-1)	Permanent Funds (Ex E-1)	Funds Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents:			
Cash in State Treasury	\$ 7,929,425,529.20	\$	\$ 7,929,425,529.20
Investments		40,298,095.83	40,298,095.83
Receivables From:			
Interest and Dividends		1,446,165.02	1,446,165.02
Trade Receivables		528,423.45	528,423.45
Due From Other Agencies	18,691,566.33		18,691,566.33
Total Current Assets	<u>7,948,117,095.53</u>	<u>42,272,684.30</u>	<u>7,990,389,779.83</u>
Non-Current Assets:			
Investments		984,680,184.49	984,680,184.49
Total Non-Current Assets		<u>984,680,184.49</u>	<u>984,680,184.49</u>
Total Assets	<u>\$ 7,948,117,095.53</u>	<u>\$ 1,026,952,868.79</u>	<u>\$ 8,975,069,964.32</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts Payable	\$	\$ 525,809.38	\$ 525,809.38
Note Payable	7,800,000,000.00		7,800,000,000.00
Trade Payables		1,697,829.37	1,697,829.37
Obligations/Securities Lending			
Other Liabilities	18,691,566.33		18,691,566.33
Total Current Liabilities	<u>7,818,691,566.33</u>	<u>2,223,638.75</u>	<u>7,820,915,205.08</u>
Non-Current Liabilities:			
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>7,818,691,566.33</u>	<u>2,223,638.75</u>	<u>7,820,915,205.08</u>
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances (Deficits):			
Unreserved/Designated for:			
Other	129,425,529.00		129,425,529.00
Permanent Health Fund		1,024,729,230.04	1,024,729,230.04
Total Fund Balances	<u>129,425,529.00</u>	<u>1,024,729,230.04</u>	<u>1,154,154,759.04</u>
Total Liabilities and Fund Balances	<u>\$ 7,948,117,095.33</u>	<u>\$ 1,026,952,868.79</u>	<u>\$ 8,975,069,964.12</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT II

**Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances/Statement of Activities –
Governmental Funds**

For the Fiscal Year Ended August 31, 2010

	General Funds (Ex A-2)	Permanent Funds (Ex E-2)	Governmental Funds Total
REVENUES			
Interest and Other Investment Income	\$ 192,123,287.67	\$ 18,827,895.07	\$ 210,951,182.74
Income from Securities Lending			
Cash in State Treasury	7,800,000,000.00	52,180,971.12	7,852,180,971.12
	<u>7,992,123,287.67</u>	<u>71,008,866.19</u>	<u>8,063,132,153.86</u>
EXPENDITURES			
Professional Fees and Services	365,923.09	3,079,730.64	3,445,653.73
Travel	6,993.15		6,993.15
Borrower Rebate and Agent Fees			
Due From Other Agencies	137,123,287.67		137,123,287.67
Total Expenditures/Expenses	<u>137,496,203.91</u>	<u>3,079,730.64</u>	<u>140,575,934.55</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>54,627,083.76</u>	<u>67,929,135.54</u>	<u>122,556,219.30</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	(45,553,427.40)	(24,455,423.56)	(70,008,850.96)
Total Other Financing Sources and Uses	<u>(45,553,427.40)</u>	<u>(24,455,423.56)</u>	<u>(70,008,850.96)</u>
Net Change in Fund Balances/Net Assets	<u>9,073,656.36</u>	<u>43,473,711.98</u>	<u>52,547,368.34</u>
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances, September 1, 2009	55,000,000.00	981,255,518.07	1,036,255,518.07
Restatements			
Fund Balances, September 1, 2009, as Restated	<u>55,000,000.00</u>	<u>981,255,518.07</u>	<u>1,036,255,518.07</u>
Fund Balances – August 31, 2010	<u>\$ 7,929,425,529.20</u>	<u>\$ 1,024,729,230.05</u>	<u>\$ 8,954,154,759.25</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT VI

Combined Statement of Fiduciary Net Assets – Fiduciary Funds

August 31, 2010

	Private- Purpose Trust (Exhibit I-1)	Agency Funds (Exhibit J-1)	Totals
ASSETS			
Cash and Cash Equivalents:			
Cash in Bank	\$	\$ 140,859.00	\$ 140,859.00
Cash in State Treasury		12,754,354.91	12,754,354.91
Other Short Term Investments	77,131,092.75		77,131,092.75
Investments (Note 3)			
U.S. Government and Agency Obligations			
Corporate Equity	516,094,874.03		516,094,874.03
Due From Other Agencies	407,249,510.70		407,249,510.70
Repurchase Agreements		32,332,950.56	32,332,950.56
Foreign Securities			
Other Investments	934,674,195.72		934,674,195.72
Receivables:			
Interest and Dividends	2,685,125.15	197.59	2,685,322.74
Trade Receivables	999,080.66		999,080.66
Other Assets		115,000.00	115,000.00
Total Assets	<u>1,938,833,879.01</u>	<u>45,343,362.06</u>	<u>1,984,177,241.07</u>
LIABILITIES			
Payables:			
Accounts Payables	975,837.07		975,837.07
Trade Payables	3,222,202.14		3,222,202.14
Obligations/Securities Lending			
Funds Held for Others		45,343,362.06	45,343,362.06
Total Liabilities	<u>4,198,039.21</u>	<u>45,343,362.06</u>	<u>49,541,401.27</u>
NET ASSETS			
Held in trust for:			
Individuals, Organizations, and Other Governments	1,934,635,842.80		1,934,635,842.80
Total Net Assets	<u>\$ 1,934,635,842.80</u>	<u>\$ 0.00</u>	<u>\$ 1,934,635,842.80</u>

EXHIBIT VII

Combined Statement of Changes in Fiduciary Net Assets Fiduciary Funds

August 31, 2010

	Private Purpose Trust (Exhibit I-2)	Totals
ADDITIONS		
Investment Income:		
From Investing Activities:		
Net appreciation (Depreciation) in		
Fair Value of Investments	\$ 99,267,788.23	\$ 99,267,788.23
Interest and Investment Income	36,576,886.69	36,576,886.69
Total Investing Income (Loss)	135,844,674.92	135,844,674.92
Less Investing Activities Expense		
Net Income from Investing Activities	135,844,674.92	135,844,674.92
Due From Other Agencies		
Securities Lending Income		
Less Securities Lending Expense:	5,736,079.98	5,736,079.98
Borrower Rebates and Agent Fees	0.00	0.00
Net Income from Securities Lending Activities	5,736,079.98	5,736,079.98
Total Net Investment Income (Loss)	130,108,594.94	130,108,594.94
Total Additions	130,108,594.94	130,108,594.94
DEDUCTIONS		
Transfer out	357,991.61	357,991.61
Distributions	46,151,923.00	46,151,923.00
Professional Fees and Services		
Total Deductions	46,509,914.61	46,509,914.61
INCREASE (DECREASE) IN NET ASSETS	83,598,680.33	83,598,680.33
NET ASSETS		
Net Assets, September 1, 2009, as Restated	1,851,037,162.47	1,851,037,162.47
Restatements		
Net Assets, September 1, 2009, as Restated	1,851,037,162.47	1,851,037,162.47
Net Assets – August 31, 2010	\$ 1,934,635,842.80	\$ 1,934,635,842.80

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: Summary of Significant Accounting Policies

GENERAL INTRODUCTION

The Comptroller–Treasury Fiscal is an agency of the State of Texas and its financial records comply with the state statutes and regulations. This includes compliance with the Comptroller of Public Accounts Reporting Requirements of State Agencies.

Effective September 1, 1996, the constitutional office of the Treasurer was abolished and the powers, duties, obligations, rights and contracts of the Treasurer was transferred to and assumed by the State Comptroller of Public Accounts.

There are no component units in which the Comptroller–Treasury Fiscal is financially accountable or any organization in which exclusion would create misleading or incomplete financial statements.

Due to the statewide requirements embedded in Governmental Accounting Standards Board Statement No.34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to be in compliance with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

FUND STRUCTURE

The accompanying financial statements are presented on the basis of funds and account groups, each of which is considered a separate accounting entity.

GOVERNMENTAL FUND TYPES

General Fund

The general fund is used to account for all financial resources of the state except those required to be accounted for in another fund.

Permanent Funds

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the state’s programs.

FIDUCIARY FUND TYPES

Agency Funds

Agency funds are used to account for assets held as an agent for individuals, other government entities, and/or other funds. These funds are custodial in nature and do not involve measurement of results of operations.

Private-Purpose Trust Funds

Agencies use private-purpose trust funds to account for all other trust arrangements whose principal and interest benefit individuals, private organizations, or other governments.

BASIS OF ACCOUNTING

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. All governmental fund types and agency funds are accounted for on the modified basis of accounting. Revenues are recognized when they become both measurable and available. Expenditures are generally recognized when the related fund liability is incurred. Exceptions are unpaid employee compensable leave, and the un-matured debt service (principal and interest) on general long-term debt, long-term capital leases, and long-term claims and judgments, which are not recognized until actual payment is made.

BUDGETS AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (The General Appropriations Act). Encumbrance accounting is employed for budgetary control purposes.

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated.

ASSETS, LIABILITIES AND FUND BALANCES/NET ASSETS

ASSETS

Investments

Investments are stated at fair value in all funds in accordance with GASB Statement 31 – Accounting and Financial Reporting for Certain Investments and for External Investment Pools.

Securities Lending Collateral

Securities lent are reported as assets on the balance sheet. The costs of securities lending transactions are reported as expenditures or expenses in the Operating Statement. These costs are reported at gross.

Interest and Dividend Receivables

This includes interest and dividends accrued on investments at year-end that will not be deposited to the Fund until after the fiscal year.

Investment Trade Receivables

This represents investment sales that occurred on or before fiscal year end for which cash payment will be received after fiscal year end.

LIABILITIES

Accounts Payable

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Notes Payable

State of Texas Tax and Revenue Anticipation Notes are recorded at par. The bond proceeds are accounted for as an “Other Financing Source” in the Tax And Revenue Anticipation Note Fund 577 when received, and expenditures for payment of principal and interest are recorded in the Tax And Revenue Anticipation Note Fund 577 when paid.

Investment Trade Payables

This represents the liability for investment purchases that occurred on or before fiscal year end for which cash payment will be received after fiscal year end.

FUND BALANCE/NET ASSETS

The difference between fund assets and liabilities is ‘Net Assets’ on the government-wide, proprietary and fiduciary fund statements, and the ‘Fund Balance’ is the difference between fund assets and liabilities on the enterprise fund statements.

Reservations of Fund Balance

Fund balances for governmental funds are classified as either reserved or unreserved in the fund financial statements. Reservations are legally restricted to a specific future use or not available for expenditure.

Unreserved/Undesignated

This represents the un-appropriated balance at year end.

Restricted Net Assets

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets

Unrestricted net assets consist of net assets, which do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources, which are imposed by management, but can be removed or modified.

INTERFUND ACTIVITIES AND BALANCES

The Treasury has the following types of transactions between funds:

- (1) Transfers: Legally required transfers that are reported when incurred as “Transfers In” by the recipient fund and as “Transfers Out” by the disbursing fund

The composition of the agency’s Inter-fund activities and balances are presented in Note 8.

NOTE 2: Capital Assets

(Not Applicable)

NOTE 3: Deposits, Investments & Repurchase Agreements

All monies in funds established in the Treasury by the State Constitution or by an act of the Legislature are pooled for investment purposes. All monies of the Trust Company are invested according to Section 404.106 of the Government Code.

INVESTMENT AUTHORITY

Section 404.024 of the Government Code permits the investment of these funds in the following instruments:

1. fully collateralized time deposits in banks and savings and loan associations domiciled in the state which have been approved by the State Depository Board to receive state deposits;
2. direct security repurchase agreements;
3. reverse repurchase agreements;
4. direct obligations of, or obligations the principal and interest of which are guaranteed by the United States, its’ agencies and instrumentalities;
5. bankers’ acceptances that: (i) are eligible for purchase by the Federal Reserve System, (ii) do not exceed 270 days to maturity, and (iii) are issued by a bank that has received the highest short-term credit rating by a nationally recognized investment firm;
6. commercial paper that has received the highest short-term credit rating by a nationally recognized investment rating firm and does not exceed 270 days to maturity; and,
7. contracts written by the Comptroller in which the Comptroller grants the purchaser the right, for a fee, to purchase securities in the Treasury’s marketable securities portfolio at a specified price over a specified period. These contracts are commonly known as covered call options. Uncovered option trading is specifically prohibited.

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No more than 20% of the aggregate funds on deposit in financial institutions at any time may be placed by the Comptroller in savings and loan associations.

Repurchase and reverse repurchase agreements may be entered into by the Comptroller only with state or national banks doing business in Texas or primary dealers approved by the Federal Reserve System.

There were no significant violations of legal provisions during the period.

DEPOSITS OF CASH IN BANK

Custodial Operations

As of August 31, 2010, the carrying amount and the total bank balance of deposits is presented below:

Custodial Operations		Departmental Operations	
Cash in Bank – Carrying Amount	\$ 657,769,606.73	Fiduciary Funds	
Total Cash in Bank	<u>\$ 657,769,606.73</u>	Cash in Bank – Carrying Amount	\$ 140,859.00
		Total Cash in Bank per AFR	<u>\$ 140,859.00</u>

The Trust Company's contract with the Federal Reserve Bank permits the Trust Company to wire transfer funds for the purpose of facilitating investment transactions. Correspondingly, a minimum cash balance is maintained in the account to generate earnings credits sufficient to offset the costs of the services received. As these investment transactions occur, the Federal Reserve Bank requires that the Trust Company maintain a positive cash balance in the account intraday and at the end of the day. The Trust Company met those requirements throughout Fiscal Year 2010.

Collateralization and Risk Categorization – In accordance with state law, all amounts deposited in financial institutions above the amounts insured by the Federal Deposit Insurance Corporation are fully collateralized 105% by the pledging, to the Comptroller, of securities valued at market, excluding accrued interest. Generally the list of eligible securities includes all U. S. Treasury and most Agency Obligations, including certain mortgage backed securities pledged @125%, and securities issued by state agencies and political subdivisions within the State. All securities pledged to the Comptroller must be held by a third-party custodian bank doing business in the State through a main office or one or more branches, any Federal Reserve Bank, the Texas Treasury Safekeeping Trust Company, any Federal Home Loan Bank or in the vault of Treasury Operations at the State Comptroller of Public Accounts.

Securities pledged as collateral on August 31, 2010 were categorized as follows:

Political Subdivision Securities		U.S. Government Securities	
Moody's Investors Service Ratings	Percent of Collateral Pledged	Description	Percent of Collateral Pledged
AAA	12.95%	U.S. Treasury Bills	0.00%
AA	5.05%	U.S. Treasury Notes and Bonds	6.00%
A	3.54%	Federal Home Loan Bank Debentures	5.95%
		Federal Home Loan Mortgage Corp	4.68%
		Federal Home Loan Mtg. Corp-Mtg. backed	8.75%
		Federal Farm Credit Bank	1.46%
		Federal National Mortgage Assn	5.05%
		Federal National Mtg Assn-Mtg. backed	4.06%
		Govt. Nat'l Mortgage Assoc	10.52%
		Federal Home Loan Bank Letters of Credit	31.99%
		Subtotal	<u>78.46%</u>
		TOTAL	<u>100.00%</u>

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Based on an opinion letter received by the Treasury from the Federal Deposit Insurance Corporation, it is the policy of the Treasury to collateralize bank deposits based on a collected funds basis.

During fiscal year 2010 no depository holding state funds failed.

All securities pledged to the Trust Company must be held by the Trust Company, a third-party bank that is an approved depository and approved custodian, any Federal Reserve Bank, Federal Home Loan Bank or in the vault of the Treasury. The Trust Company has contracted with financial institutions to collateralize Trust Company deposits in excess of depository insurance.

State statute permits depository institutions to select the bank that may serve as their third-party custodian for collateral pledged by that institution to the Comptroller. These banks must be approved depositories and approved custodians with capital and surplus of \$5,000,000 or more.

All deposits in financial institutions for Comptroller custodial operations, as of August 31, 2010 were fully secured by FDIC insurance and securities pledged to the Comptroller.

INVESTMENTS AND REPURCHASE AGREEMENTS

Custodial Operations

As of August 31, 2010, the fair value of investments is as presented below.

Investments for the Treasury Pool, as of August 31, 2010 are as follows:

Fair Value of Investments As of 08/31/2010	
Investment Type	Fair Value
U.S. Government Agencies	\$ 966,403,561.00
U.S. Government Treasuries	16,052,224,370.00
Government Mortgage Backed Securities	2,203,414,523.00
Commercial paper	1,256,688,503.00
Repurchase Agreements	5,300,000,000.00
Israel Bonds	26,700,000.00
Corporate Obligations	531,690,181.00
Asset Backed Securities	1,200,349,095.00
Small Business Administration	10,892,623.00
Stock In Texas Trust	1,000,000.00
Money Market Mutual Funds	2,451,000,000.00
Total Treasury Pool without Lottery Securities	<u>30,000,362,856.00</u>
U.S. Government Agencies – Refco	1,021,036,704.00
U.S. Government Agencies – Lottery – Treasury Strips	234,241,394.00
Total Investments	<u><u>\$31,255,640,954.00</u></u>

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. Pursuant to section 404.024(a) and (b), treasury funds may be invested in fully collateralized repurchase agreements secured by obligations of the U.S., its agencies, or Government Sponsored Enterprises (GSEs), including mortgage-backed securities of such agencies and GSEs, as set out in section 404.001 of the Government Code. The Comptroller may purchase direct obligations of or obligations, the principal and interest of which are guaranteed by the U.S.; and direct obligations of, or obligations guaranteed by U.S. agencies or GSEs. Mortgage-backed securities are eligible for purchase except those specifically prohibited by section 404.024 (e) of the Government Code. Treasury funds may invest in commercial paper that, has received the highest short-term credit rating by a nationally recognized investment rating organization or “NRSRO”. “Highest short-term credit rating” includes at least one of the following short-term credit ratings, Moody’s (P-1), Standard & Poor’s (A-1), or Fitch, Inc. (F-1). Money market funds must be rated AAAM by a NRSRO. The Government mortgage-backed securities, that are not rated, are issued by Government Sponsored Enterprises that are rated AAA. The Treasury portfolio is rated AAAs by Standard & Poor’s. The following table lists Standard & Poor’s credit rating by investment type for the Treasury Pool secu-

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rities that are subject to credit risk. The U.S. government agencies and the underlying securities on the Repurchase agreements not rated by Standard & Poor's were rated were either rated AAA by Moody's or AAA by Fitch.

Standard & Poors						
Fund	Investment Type	AAA	AA	A	A -1	BBB
Treasury Portfolio	U.S. Government Agencies	\$ 966,403,561.00	\$	\$	\$	\$
Treasury Portfolio	Government Mortgage Backed Securities	119,017,977.00				
Treasury Portfolio	Commercial paper				1,256,688,503.00	
Treasury Portfolio	Corporate Obligations	107,171,720.00	183,205,211.00	241,268,250.00		
Treasury Portfolio	Asset Backed Securities	1,117,356,027.00				
Treasury Portfolio	Repurchase Agreements	4,954,223,919.00			345,776,081.00	
Treasury Portfolio	Israel Bonds			26,700,000.00		
Treasury Portfolio	Mutual Funds (2A 7-Like)	2,451,000,000.00				
Unrated						
Treasury Portfolio	Government Mortgage Backed Securities	\$ 2,084,396,546.00				
Treasury Portfolio	Asset Backed Securities	82,993,068.00				
Treasury Portfolio	Small Business Administration	10,892,623.00				

Concentration of credit risk: The Comptroller places no limit on the amount the Treasury Pool may invest in any one issuer. More than 5 percent of the Treasury Pool investments are with the Federal National Mortgage Association. Federal National Mortgage Association investments represent 5.76% of the Treasury Pools net asset value

Fund	Issuer	Carrying Value	% of Total Portfolio
Treasury Portfolio	Federal Home Loan Bank	\$ 521,757,902.45	1.64%
Treasury Portfolio	Federal Home Loan Mortgage Corporation	572,765,952.09	1.80%
Treasury Portfolio	Federal National Mortgage Association	1,837,722,195.38	5.76%

Interest rate risk. In accordance with its investment policy, the Treasury Pool manages its exposure to interest rate risk by maintaining a weighted-average maturity of no more than two (2) years. The following schedule reflects the average modified duration (a measure of the price sensitivity of a bond to interest rate movements) of the Treasury Pool by investment type and as a whole:

Investment Type	Modified Duration (Years)
U.S. Government Agencies	1.016
U.S. Government Treasuries	0.968
Government Mortgage Backed Securities	2.258
Commerical Paper	0.099
Corporate Obligations	1.030
Asset Backed Securities	1.087
Repurchase Agreements	0.036
Small Business Administration	13.968
Israel Bonds	1.681
Placement of deposits with financial institutions	0.332
Treasury Portfolio Modified Duration	0.859

Reverse Repurchase Agreements. The Treasury Pool may enter into reverse repurchase agreements for up to 35% of the pools assets. The Treasury Pool's aggregate amount of reverse repurchase agreement obligations at August 31, 2010 was \$75,911,553 including accrued interest. The aggregate fair value of the securities underlying those agreements, including accrued interest, was \$75,738,974. There was no credit exposure at year end.

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Departmental Operations

As of August 31, 2010, the fair value of investments is as presented below.

Fair Value of Investments As of 08/31/2010		Fair Value of Investments As of 08/31/2010	
Governmental Funds	Fair Value	Fiduciary Funds	Fair Value
Corporate Obligations	\$ 13,611,924.55	Corporate Obligations	\$ 28,596,187.26
International Corporate Obligations	1,048,859.53	International Corporate Obligations	1,940,478.66
Equities	16,888,139.00	Equities	41,526,154.79
International Equities	554,268.82	International Equities	7,311,443.21
Mutual Funds – Domestic Equities	148,846,942.11	Mutual Funds – Domestic Equities	277,433,584.90
Mutual Funds – Global Equities	101,843,026.60	Mutual Funds – Global Equities	189,823,691.13
Mutual Funds – Fixed Income	203,619,275.43	Mutual Funds – Fixed Income	376,712,844.79
Mutual Funds – Commodities	21,104,733.03	Mutual Funds – Commodities	38,335,386.52
Securities Lending Cash Collateral		Hedge Funds – Fund of Funds	260,025,352.00
Hedge Funds – Fund of funds	141,123,383.73	Hedge Funds – Direct funds	351,766,739.34
Hedge Funds – Direct Funds	190,842,866.82	Alternative Investments Domestic	234,966,487.33
Alternative Investments Domestic	123,804,062.09	Alternative Investments International	42,932,915.11
Alternative Investments International	21,392,702.79	Investments in Short Term Investment Fund	77,131,092.75
Investments in Short Term Investment Fund	40,298,095.82	Total Investments	<u>\$1,928,502,357.79</u>
Total Investments	<u>\$1,024,978,280.32</u>	Reconciliation of Investments per Exhibits –	
Reconciliation of Investments per Exhibits –		Governmental	
Governmental Funds Current Assets		Governmental Funds Current Assets	
Short-Term Investments	\$ 40,298,095.82	Short-Term Investments	\$ 77,131,092.75
Governmental Funds Non-Current Assets		Governmental Funds Non-Current Assets	
Investments	984,680,184.50	Investments	1,851,371,265.04
Investments per Exhibits	<u>\$1,024,978,280.32</u>	Investments per Exhibits	<u>\$1,928,502,357.79</u>

Credit Risk. Corporate obligations must be rated investment grade by at least one NRSRO and not rated below investment grade by any NRSRO. Short-term securities must be rated in the highest rating category by an NRSRO. The average quality rating of the high-yield fixed income portfolio shall be B1/B+ or higher. All high-yield securities when purchased must be rated at least CCC. The Following schedule lists Standard & Poor's credit rating by investment type for the Endowment Fund securities that are subject to credit risk. The high-yield securities not rated by Standard & Poor's are rated Ba or B by Moody's. The Investments in the short-term investment fund are investments in Northern Trust's Institution Government Portfolio fund which rated AAA by Moody's.

Standard & Poors							
Fund Type	Investment Type	AAA	BBB	BB	B	CCC	C
19	Corporate Obligations	\$	\$ 137,606.32	\$ 4,810,661.94	\$ 7,559,480.14	\$ 424,869.14	\$
19	International Corporate Obligations			294,976.22	588,517.65	71,401.97	
19	Investments in Short Term Investment Fund	39,869,739.95					
20	Corporate Obligations		254,583.31	8,900,130.61	13,985,676.28	786,043.77	
20	International Corporate Obligations			545,730.90	1,088,807.32	132,099.67	
20	Investments in Short Term Investment Fund	73,608,776.66					
Unrated							
19	Corporate Obligations		\$ 505,508.58				
19	International Corporate Obligations		67,350.79				
19	Mutual Funds – Fixed Income		198,452,807.56				
20	Corporate Obligations		935,233.53				
20	International Corporate Obligations		124,604.65				
20	Mutual Funds – Fixed Income		367,154,443.18				

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Concentration Risk. Excluding securities issued or guaranteed by the U.S. Government, its agencies, instrumentalities, and GSE's, no more than 5 percent of the portfolio at the time of purchase, shall be invested in securities of one issuer.

Interest Rate Risk. The endowment funds do not have a formal investment policy that limits investment maturities. The following schedule reflects the average modified duration of the Endowment Funds by investment type. The investments in the securities lending cash collateral pool and the short-term investment fund use a weighted average maturity to reflect the interest rate risk.

Investment Type	Modified Duration (Years)
Corporate Obligations	4.92
International Corporate Obligations	4.50
Mutual Funds – Fixed Income	3.94
	Weighted Average Maturity
Investments in Short-Term Investment Fund	49
Securities Lending Cash Collateral Pool	0

Foreign Currency Risk. The endowment funds exposure to foreign currency risk derives from its position in foreign currency-denominated investment in Alternative Investments.

Fair Market Value As of August 31, 2010		
Fund Type	Foreign Currency	Alternative Investments
19	Euro	\$ 21,392,702.79
20	Euro	42,932,915.11
	Total	<u>\$64,325,617.90</u>

Securities Lending – Section 404.102 of the Texas Government Code and the Endowment Funds' Investment Policies permit the lending of specific endowment fund securities to broker-dealers and other entities with a simultaneous agreement to return the collateral for the same securities in the future. The endowment funds' custodian, as security lending agent, lends securities of the type on loan at year-end for collateral in the form of cash or other securities that exceed the value of the securities on loan.

Types of securities loaned include U.S. equities, US government fixed income, U.S. agencies and corporate fixed income.

Collateral includes, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102% of the market value of the securities plus any accrued interest. Non-U.S. government securities are loaned versus collateral valued at 105% of the market value of the securities plus any accrued interest. At year-end, the endowment funds that participate in securities lending have no risk exposure to borrowers because the amounts the endowment funds owe the borrowers exceed the amounts the borrowers owe the endowment funds. The contract with the endowment funds' lending agent allows for indemnification where a client's securities are not returned due to insolvency of a borrower and the lending agent has failed to live up to its contractual responsibilities relating to the lending of those securities. There were no violations of legal or contractual provisions, any borrower or lending agent default losses. The agent's responsibilities include performing appropriate borrower and collateral investment credit analysis, demanding adequate types and levels of collateral, and complying with applicable Federal Financial Institutions Examinations Council regulations concerning securities lending.

All securities on loan can be terminated on demand by either Texas Trust or the borrower. There are no loans outstanding as of August 31, 2010. Collateral values are estimated by the custodian based on program wide collateralization levels. The endowment funds cannot pledge or sell collateral securities received unless the borrower defaults.

Marketable Securities – All United States Treasury and Agency Securities owned by the Comptroller are held in the Trust Company’s book-entry account at the San Antonio Branch of the Federal Reserve Bank of Dallas where they are delivered versus payment. All bankers’ acceptances and commercial paper are held by the State’s agent in the States’ name. A safe-keeping receipt is issued to the State acknowledging delivery.

Investment in the Trust Company – Section 404.105 of the Government Code authorizes the investment of state funds in the Trust Company. Through an order of the State Depository Board, dated October 31, 1986 the Comptroller has invested \$1,000,000 in the Trust Company. These funds are invested by the Trust Company in obligations authorized by law for the investment of funds held and managed by the Comptroller. Any net earnings attributable to this investment are credited and allocated annually to the Comptroller. The Trust Company’s total contributed capital consists of one share of no par common stock for \$1,000,000 owned by the Comptroller. One share was authorized and issued.

NOTE 4: Short-Term Debt

Pursuant to Subchapter H of Chapter 404 of the Texas Government Code, the Comptroller is authorized to issue, sell, and deliver Tax and Revenue Anticipation Notes (TRAN) on behalf of the State. The TRAN are valid and binding obligations of the State, payable in accordance with the terms of the Comptroller’s TRAN order. The TRAN are payable from transfers from the General Revenue Fund to a payment account. On August 25, 2009 (with an issue date of September 01, 2009), \$5,500,000,000.00 in State of Texas Tax and Revenue Anticipation Notes, Series 2009 were sold for the purpose of coordinating the cash flow of the State for the fiscal year ended August 31, 2010. Issuance of the TRAN also enhanced the State’s ability to make timely payments of expenditures which are payable from the General Revenue Fund. The TRAN matured on August 31, 2010 and bore an interest rate of 2.50% and was priced to yield at 0.479% as determined by the bids of the initial purchasers.

Gross note proceeds were \$5,610,836,953.02. Interest and other investment income on gross TRAN proceeds were \$72,212,678.29. Debt service payments included \$5,500,000,000.00 for principal and \$137,123,287.67 in interest expense.

On August 24, 2010, the State Comptroller sold \$7,800,000,000.00 of State of Texas Tax and Revenue Anticipation Notes, Series 2010. The TRAN are dated September 1, 2010 and mature on August 31, 2011. The TRAN bear interest at 2.00% and were priced to yield 0.340%. The notes are not subject to redemption prior to maturity.

On August 24, 2010, good faith funds in the amount of \$78,000,000.00; were received by the Comptroller; and on August 31, 2010; the balance of the note proceeds in the amount of \$7,851,425,529.00 were received.

TAX AND REVENUE ANTICIPATION NOTES

For the Year Ended August 31, 2010 (Amounts in Thousands)

	Beginning Balance 8/31/09	Issued	Redeemed	Ending Balance 8/31/10
Tax and Revenue Anticipation Notes	\$ 6,400,000	\$ 7,800,000	\$ 6,400,000	\$ 7,800,000

NOTE 5: Long-Term Liabilities

(Not Applicable)

NOTE 6: Bonded Indebtedness

(Not Applicable)

NOTE 7: Capital Leases

(Not Applicable)

NOTE 8: Operating Leases

(Not Applicable)

NOTE 9: Retirement Plans (Administering Agencies Only)

(Not Applicable)

NOTE 10: Deferred Compensation (Administering Agencies Only)

(Not Applicable)

NOTE 11: Postemployment Health Care and Life Insurance Benefits (Administering Agencies Only)

(Not Applicable)

NOTE 12: Interfund Activity and Transactions

As explained in Note 1 on Interfund Activities and Balances, there are numerous transactions between funds and agencies. At year-end, amounts received or paid are reported as:

- Transfers In or Transfers Out
- Due From Other Agencies or Due To Other Agencies

Individual balances and activity at August 31, 2010, follows:

August 31, 2010	Transfers In	Transfers Out	Purpose
GENERAL (01)			
Appd Fund 0577, Fund 0577 (Agency 902, Fund 0001)	\$	\$ 45,553,427.40	FYE Bal Transfer
PERMANENT (19)			
Appd Fund 0824, Fund 0824 (Agency 781, Fund 0824)		2,253,845.36	Distribution
Appd Fund 0825, Fund 0825 (Agency 781, Fund 0825)		1,252,349.36	Distribution
Appd Fund 5044, Fund 5044 (Agency 537, Fund 5044)		8,820,699.88	Distribution
Appd Fund 5045, Fund 5045 (Agency 537, Fund 5045)		4,410,356.60	Distribution
Appd Fund 5046, Fund 5046 (Agency 537, Fund 5046)		4,410,356.16	Distribution
Appd Fund 5047, Fund 5047 (Agency 357 Fund 5047)		2,205,227.52	Distribution
Appd Fund 5048, Fund 5048 (Agency 537, Fund 5048)		1,102,588.68	Distribution
PRIVATE PURPOSE (20)			
Appd Fund 0823, Fund 0823 (Agency 781, Fund 0823)		1,564,009.73	Distribution
Appd Fund 0872, Fund 0872 (Agency 902, Fund 2872)		46,151,923.00	Distribution
Total Transfers	<u>\$ 0.00</u>	<u>\$ 117,724,783.69</u>	
	Due From Other Agencies	Due To Other Agencies	Source
Appd Fund 0001, Fund 1900 (Agency 902, Fund 0001)	\$ 18,691,566.33	\$	Shared Cash
Total Due From/To Other Agencies	<u>\$ 18,691,566.33</u>	<u>\$ 0.00</u>	

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustments to Fund Balances and Net Assets

(Not Applicable)

NOTE 15: Contingent Liabilities

(Not Applicable)

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

(Not Applicable)

NOTE 18: Management Discussion and Analysis (MD&A)

(Not Applicable)

NOTE 19: The Financial Reporting Entity

(Not Applicable)

NOTE 20: Stewardship, Compliance and Accountability

(Not Applicable)

NOTE 21: N/A

(Not Applicable)

NOTE 22: Donor Restricted Endowments

(Not Applicable)

NOTE 23: Extraordinary and Special Items

(Not Applicable)

NOTE 24: Disaggregation of Receivable and Payable Balances

(Not Applicable)

NOTE 25: Termination Benefits

(Not Applicable)

NOTE 26: Segment Information

(Not Applicable)

NOTE 27: Cigarette Tax Recovery Trust Fund

The Cigarette Stamp Tax Recovery Trust Fund (the “Trust Fund”) was created pursuant to Section 154.051 of the Texas Tax Code. On September 1, 1987, the Trust Fund replaced surety/payments bonds as a source of security for the State’s extension of credit to purchasers of cigarette tax stamps. The Trust Fund is maintained outside Treasury. The Trust Fund operates much like a self-insurance pool in that distributors deposit 20% of their desired line credit. The pool of deposits insures the State from loss in the event of default by any distributors. The distributors determine their respective level of participation.

NOTE 28: Texas Treasury Safekeeping Trust Company

The Texas Treasury Safekeeping Trust Company (Texas Trust) was incorporated as a special-purpose trust company as outlined within section 404.102 of the Government Code. The purposes of the Texas Trust are to provide a means for the Comptroller to obtain direct access to services provided by the Federal Reserve System and to enable the Comptroller to manage, disburse, transfer, safekeep, and invest funds and securities more efficiently, economically and in accordance with the applicable governing investment guidelines.

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

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EXHIBIT A-1

Balance Sheet – All General and Consolidated Funds

August 31, 2010

	General Revenue Fund 0001 (0001) U/F (1900)	Tax and Revenue Anticipation Note Fund (0577) U/F (0577)	Total (Ex I)
ASSETS			
Current Assets:			
Cash and Cash Equivalents:			
Cash in State Treasury	\$	\$ 7,929,425,529.20	\$ 7,929,425,529.20
Due From Other Agencies	18,691,566.33		18,691,566.33
Total Current Assets	<u>18,691,566.33</u>	<u>7,929,425,529.20</u>	<u>7,948,117,095.53</u>
Total Assets	<u>\$ 18,691,566.33</u>	<u>\$ 7,929,425,529.20</u>	<u>\$ 7,948,117,095.53</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Payables From:			
Interest Payable	\$	\$ 7,800,000,000.00	\$ 7,800,000,000.00
Note Payable			
Other Liabilities	18,691,566.33		18,691,566.33
Total Current Liabilities	<u>18,691,566.33</u>	<u>7,800,000,000.00</u>	<u>7,818,691,566.33</u>
Total Liabilities	<u>18,691,566.33</u>	<u>7,800,000,000.00</u>	<u>7,818,691,566.33</u>
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances (Deficits):			
Unreserved/Designated for:			
Other		129,425,529.00	129,425,529.00
Total Fund Balances	<u>0.00</u>	<u>129,425,529.00</u>	<u>129,425,529.00</u>
Total Liabilities and Fund Balances	<u>\$ 18,691,566.33</u>	<u>\$ 7,929,425,529.00</u>	<u>\$ 7,948,117,095.33</u>

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UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT A-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2010

	General Revenue Fund 0001 (0001) U/F (1900)	Tax and Revenue Anticipation Notes Fund (0577) U/F (0577)	Total (Ex II)
REVENUES			
Interest and Other Investment Income	\$ 0.00	\$ 192,123,287.67	\$ 192,123,287.67
Total Revenues	0.00	192,123,287.67	192,123,287.67
EXPENDITURES			
Professional Fees and Services		365,923.09	365,923.09
Travel		6,993.15	6,993.15
Interest		137,123,287.67	137,123,287.67
Total Expenditures/Expenses	0.00	137,496,203.91	137,496,203.91
Excess (Deficiency) of Revenues Over Expenditures	0.00	54,627,083.76	54,627,083.76
OTHER FINANCING SOURCES (USES)			
Transfers Out		45,553,427.40	45,553,427.40
Total Other Financing Sources and Uses	0.00	45,553,427.40	45,553,427.40
Net Change in Fund Balances/Net Assets	0.00	9,073,656.36	9,073,656.36
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances, September 1, 2009	0.00	55,000,000.00	55,000,000.00
Restatements	0.00	0.00	0.00
Fund Balances, September 1, 2009, as Restated	0.00	55,000,000.00	55,000,000.00
Fund Balances – August 31, 2010	\$ 0.00	\$ 7,929,425,529.20	\$ 7,929,425,529.20

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT E-1

Combining Balance Sheet – Permanent Funds

August 31, 2010

	National University Research fund U/F 214	Permanent Fund Higher Education Nursing, Allied Health & Other Health Related Programs (0824) U/F (0824)	Permanent Fund Minority & Research Education Fund (0825) U/F (0825)	Permanent Fund for Tobacco Education & Enforcement Fund (5044) U/F (5044)
ASSETS				
Current Assets:				
Cash and Cash Equivalents:				
Cash in Bank	\$	\$	\$	\$
Cash in State Treasury				
Securities Lending Collateral				
Investments	21,491,792.22	1,743,177.73	971,440.53	6,775,439.26
Receivables From:				
Interest and Dividends	790,877.16	62,023.93	34,291.87	235,352.82
Trade Receivables	280,108.92	22,883.17	12,748.94	89,549.96
Total Current Assets	<u>22,562,778.30</u>	<u>1,828,084.83</u>	<u>1,018,481.34</u>	<u>7,100,342.04</u>
Non-Current Assets:				
Investments	530,072,786.18	42,058,516.29	23,377,243.03	163,860,416.64
Total Noncurrent Assets	<u>530,072,786.18</u>	<u>42,058,516.29</u>	<u>23,377,243.03</u>	<u>163,860,416.64</u>
Total Assets	<u>\$ 552,635,564.48</u>	<u>\$ 43,886,601.12</u>	<u>\$ 24,395,724.37</u>	<u>\$ 170,960,758.68</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Current Liabilities:				
Payables From:				
Accounts Payable	\$ 282,115.00	\$ 22,548.14	\$ 12,534.73	\$ 87,835.74
Trade Payables	899,653.21	74,789.45	41,450.85	287,127.57
Obligations under Securities Lending				
Total Current Liabilities	<u>1,181,768.21</u>	<u>97,337.59</u>	<u>53,985.58</u>	<u>374,963.31</u>
Total Liabilities	<u>1,181,768.21</u>	<u>97,337.59</u>	<u>53,985.58</u>	<u>374,963.31</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances (Deficits):				
Unreserved/Designated for:				
Other				
Permanent Health Fund	551,453,796.27	43,789,263.53	24,341,738.79	170,585,795.37
Total Fund Balances	<u>551,453,796.27</u>	<u>43,789,263.53</u>	<u>24,341,738.79</u>	<u>170,585,795.37</u>
Total Liabilities and Fund Balances	<u>\$ 552,635,564.48</u>	<u>\$ 43,886,601.12</u>	<u>\$ 24,395,724.37</u>	<u>\$ 170,960,758.68</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

Permanent Fund for Children & Public Health Fund (5045) U/F (5045)	Permanent Fund for EMS & Trauma Care Fund (5046) U/F (5046)	Permanent Fund for Rural Health Facility Capital Improvement Fund (5047) U/F (5047)	Permanent Fund for Community Hospital Capital Improvement Fund (5048) U/F (5048)	Totals (Ex I)
\$	\$	\$	\$	\$
3,387,721.19	3,387,721.05	1,693,873.96	846,929.89	40,298,095.83
117,677.33	117,677.29	58,845.29	29,419.33	1,446,165.02
44,775.11	44,775.10	22,388.48	11,193.77	528,423.45
<u>3,550,173.63</u>	<u>3,550,173.44</u>	<u>1,775,107.73</u>	<u>887,542.99</u>	<u>42,272,684.30</u>
81,930,524.58	81,930,508.40	40,967,566.59	20,482,622.78	984,680,184.49
<u>81,930,524.58</u>	<u>81,930,508.40</u>	<u>40,967,566.59</u>	<u>20,482,622.78</u>	<u>984,680,184.49</u>
<u>\$ 85,480,698.21</u>	<u>\$ 85,480,681.84</u>	<u>\$ 42,742,674.32</u>	<u>\$ 21,370,165.77</u>	<u>\$ 1,026,952,868.79</u>
\$ 43,918.03	\$ 43,918.02	\$ 21,960.21	\$ 10,979.51	\$ 525,809.38
143,564.58	143,564.54	71,788.03	35,891.14	1,697,829.37
<u>187,482.61</u>	<u>187,482.56</u>	<u>93,748.24</u>	<u>46,870.65</u>	<u>2,223,638.75</u>
<u>187,482.61</u>	<u>187,482.56</u>	<u>93,748.24</u>	<u>46,870.65</u>	<u>2,223,638.75</u>
85,293,215.60	85,293,199.28	42,648,926.08	21,323,295.12	1,024,729,230.04
<u>85,293,215.60</u>	<u>85,293,199.28</u>	<u>42,648,926.08</u>	<u>21,323,295.12</u>	<u>1,024,729,230.04</u>
<u>\$ 85,480,698.21</u>	<u>\$ 85,480,681.84</u>	<u>\$ 42,742,674.32</u>	<u>\$ 21,370,165.77</u>	<u>\$ 1,026,952,868.79</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT E-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Permanent Funds

For the Fiscal Year Ended August 31, 2010

	National University Research fund U/F 214	Permanent Higher Education (0346) U/F (0346)	Permanent Fund for Higher Education Nursing, Allied Health & Other Health Related Programs (0824) U/F (0824)	Permanent Fund for Minority & Research Education Fund (0825) U/F (0825)
REVENUES				
Interest and Other Investment Income	\$ 6,395,573.60	\$ 3,690,889.17	\$ 815,668.85	\$ 454,761.60
Income from Securities Lending				
Net Increase (Decrease) in Fair Value	(100,800.34)	27,185,243.41	2,370,007.36	1,302,758.53
Total Revenues	<u>6,294,773.26</u>	<u>30,876,132.58</u>	<u>3,185,676.21</u>	<u>1,757,520.13</u>
EXPENDITURES				
Professional Fees and Services	1,098,981.95	537,948.77	133,410.28	74,181.18
Borrower Rebate and Agent Fees				
Total Expenditures/Expenses	<u>1,098,981.95</u>	<u>537,948.77</u>	<u>133,410.28</u>	<u>74,181.18</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,195,791.31</u>	<u>30,338,183.81</u>	<u>3,052,265.93</u>	<u>1,683,338.95</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	546,258,004.96			
Transfers Out		(546,258,004.96)		
Distributions			(2,253,845.36)	(1,252,349.36)
Total Other Financing Sources and Uses	<u>546,258,004.96</u>	<u>(546,258,004.96)</u>	<u>(2,253,845.36)</u>	<u>(1,252,349.36)</u>
Net Change in Fund Balances/Net Assets	<u>551,453,796.27</u>	<u>(515,919,821.15)</u>	<u>798,420.57</u>	<u>430,989.59</u>
FUND FINANCIAL STATEMENT – FUND BALANCES				
Fund Balances, September 1, 2009		515,919,821.15	42,990,842.95	23,910,749.20
Restatements				
Fund Balances, September 1, 2009, as Restated	<u>0.00</u>	<u>515,919,821.15</u>	<u>42,990,842.95</u>	<u>23,910,749.20</u>
Fund Balances – August 31, 2010	<u>\$ 551,453,796.27</u>	<u>\$ 0.00</u>	<u>\$ 43,789,263.52</u>	<u>\$ 24,341,738.79</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

Permanent Fund for Tobacco Education & Enforcement Fund (5044) U/F (5044)	Permanent Fund for Children & Public Health Fund (5045) U/F (5045)	Permanent Fund for EMS & Trauma Care Fund (5046) U/F (5046)	Permanent Fund for Rural Health Facility Capital Improvement Fund (5047) U/F (5047)	Permanent Fund for Community Hospital Capital Improvement Fund (5048) U/F (5048)	Totals (Ex II)
\$ 3,145,642.74	\$ 1,572,831.48	\$ 1,572,831.03	\$ 786,488.79	\$ 393,207.81	\$ 18,827,895.07
9,020,451.45	4,510,244.81	4,510,243.91	2,255,261.20	1,127,560.79	52,180,971.12
12,166,094.19	6,083,076.29	6,083,074.94	3,041,749.99	1,520,768.60	71,008,866.19
520,083.80	260,042.85	260,042.78	130,028.35	65,010.68	3,079,730.64
520,083.80	260,042.85	260,042.78	130,028.35	65,010.68	3,079,730.64
11,646,010.39	5,823,033.43	5,823,032.16	2,911,721.64	1,455,757.92	67,929,135.54
(8,820,699.88)	(4,410,356.60)	(4,410,356.16)	(2,205,227.52)	(1,102,588.68)	(24,455,423.56)
(8,820,699.88)	(4,410,356.60)	(4,410,356.16)	(2,205,227.52)	(1,102,588.68)	(24,455,423.56)
2,825,310.51	1,412,676.83	1,412,676.00	706,494.12	353,169.24	43,473,711.98
167,760,484.87	83,880,538.77	83,880,523.28	41,942,431.96	20,970,125.89	981,255,518.07
167,760,484.87	83,880,538.77	83,880,523.28	41,942,431.96	20,970,125.89	981,255,518.07
\$ 170,585,795.38	\$ 85,293,215.60	\$ 85,293,199.28	\$ 42,648,926.08	\$ 21,323,295.13	\$ 1,024,729,230.05

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT I-1

Combining Statement of Fiduciary Net Assets Private-Purpose Trust Funds

August 31, 2010

	Tobacco Settlement Permanent Trust Fund (0872) U/F (0872)	Permanent Endowment Fund-Baylor College of Medicine (0823) U/F (0823)	Totals (Ex VI)
ASSETS			
Cash and Cash Equivalents:			
Cash in Bank	\$	\$	\$
Securities Lending Collateral			
Short Term Investments (Note 3)			
Other Short Term Investments	75,964,375.51	1,166,717.24	77,131,092.75
Investments (Note 3)			
U.S. Government and Agency Obligations			
Corporate Equity	499,767,918.59	16,326,955.44	516,094,874.03
Corporate Obligations	403,836,532.69	3,412,978.01	407,249,510.70
Foreign Securities			
Other Investments	928,026,880.30	6,647,315.42	934,674,195.72
Receivables:			
Interest and Dividends	2,685,125.15		2,685,125.15
Trade Receivables	999,080.66		999,080.66
Total Assets	<u>1,911,279,912.90</u>	<u>27,553,966.11</u>	<u>1,938,833,879.01</u>
LIABILITIES			
Payables:			
Accounts Payables	975,834.07		975,834.07
Trade Payables	3,222,202.14		3,222,202.14
Obligations/Securities Lending			
Total Liabilities	<u>4,198,036.21</u>	<u>0.00</u>	<u>4,198,036.21</u>
NET ASSETS			
Held in Trust for:			
Individuals, Organizations, and Other Governments	1,907,081,876.69	27,553,966.11	1,934,635,842.80
Total Net Assets	<u>\$ 1,907,081,876.69</u>	<u>\$ 27,553,966.11</u>	<u>\$ 1,934,635,842.80</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT I-2

Combining Statement of Changes in Fiduciary Net Assets Private Purpose Trust Funds

August 31, 2010

	Tobacco Settlement Permanent Trust Fund (0872) U/F (0872)	Permanent Endowment Fund-Baylor College of Medicine (0823) U/F (0823)	Total (Ex VII)
ADDITIONS			
Investment Income:			
From Investing Activities:			
Net Appreciation (Depreciation) in			
Fair Value of Investments	\$ 98,636,097.19	\$ 631,691.04	\$ 99,267,788.23
Interest and Investment Income	35,015,499.53	1,561,387.16	36,576,886.69
Total Investing Income (Loss)	133,651,596.72	2,193,078.20	135,844,674.92
Less Investing Activities Expense			
Net Income from Investing Activities	133,651,596.72	2,193,078.20	135,844,674.92
From Securities Lending Activities:			
Securities Lending Income			
Less Securities Lending Expense:	5,736,079.98		5,736,079.98
Borrower Rebates and Agent Fees			
Net Income from Securities Lending Activities	127,915,516.74	0.00	130,108,594.94
Total Net Investment Income (Loss)	127,915,516.74	2,193,078.20	130,108,594.94
Total Additions	127,915,516.74	2,193,078.20	130,108,594.94
DEDUCTIONS			
Transfers Out		(357,991.61)	(357,991.61)
Professional Fees and Services			
Distributions	(46,151,923.00)		(46,151,923.00)
Total Deductions	(46,151,923.00)	(357,991.61)	(46,509,914.61)
INCREASE (DECREASE) IN NET ASSETS	81,763,593.74	1,835,086.59	83,598,680.33
NET ASSETS			
Net Assets, September 1, 2009	1,825,318,282.95	25,718,879.52	1,851,037,162.47
Restatements			
Net Assets, September 1, 2009, as Restated	1,825,318,282.95	25,718,879.52	1,851,037,162.47
Net Assets, August 31, 2010	<u>\$ 1,907,081,876.69</u>	<u>\$ 27,553,966.11</u>	<u>\$ 1,934,635,842.80</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

EXHIBIT J-1

Combining Statement of Changes in Assets and Liabilities Agency Funds

August 31, 2010

	Beginning Balance August 31, 2009	Additions	Deductions	Ending Balance August 31, 2010
Suspense Fund (0900) U/F (0900)				
ASSETS				
Cash in State Treasury	\$ 4,028,231.74	\$ 20,070,010.45	\$ 11,343,887.28	\$ 12,754,354.91
Total Assets	<u>\$ 4,028,231.74</u>	<u>\$ 20,070,010.45</u>	<u>\$ 11,343,887.28</u>	<u>\$ 12,754,354.91</u>
LIABILITIES				
Funds Held for Others	\$ 4,028,231.74	\$ 20,070,010.45	\$ 11,343,887.28	\$ 12,754,354.91
Total Liabilities	<u>\$ 4,028,231.74</u>	<u>\$ 20,070,010.45</u>	<u>\$ 11,343,887.28</u>	<u>\$ 12,754,354.91</u>
Bond and Investment Companies Trust Acct. (0908) U/F (0908)				
ASSETS				
Other Assets	\$ 115,000.00	\$	\$	\$ 115,000.00
Total Assets	<u>\$ 115,000.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 115,000.00</u>
LIABILITIES				
Funds Held for Others	\$ 115,000.00	\$	\$	\$ 115,000.00
Total Liabilities	<u>\$ 115,000.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 115,000.00</u>
Cigarette Stamp Tax Recovery Trust Fund (9999) U/F (3000)				
ASSETS				
Cash in Bank	\$	\$ 8,868,456,088.94	\$ 8,868,315,229.94	\$ 140,859.00
Investments				
Repurchase Agreements	34,527,293.96	8,794,960,052.77	8,797,154,396.17	32,332,950.56
Receivables:				
Interest and Dividends	201.41	49,069.69	49,073.51	197.59
Total Assets	<u>\$ 34,527,495.37</u>	<u>\$ 17,663,465,211.40</u>	<u>\$ 17,665,518,699.62</u>	<u>\$ 32,474,007.15</u>
LIABILITIES				
Funds Held for Others	\$ 34,527,495.37	\$	\$ 72,236,054.49	\$ (37,708,559.12)
Total Liabilities	<u>\$ 34,527,495.37</u>	<u>\$ 0.00</u>	<u>\$ 72,236,054.49</u>	<u>\$ (37,708,559.12)</u>
Totals – All Agency Funds				
ASSETS				
Cash in Bank	\$	\$ 8,868,456,088.94	\$ 8,868,315,229.94	\$ 140,859.00
Cash in State Treasury	4,028,231.74	20,070,010.45	11,343,887.28	12,754,354.91
Investments				
Repurchase Agreements	34,527,293.96	8,794,960,052.77	8,797,154,396.17	32,332,950.56
Receivables:				
Interest and Dividends	201.41	49,069.69	49,073.51	197.59
Other Assets	115,000.00			115,000.00
Total Assets	<u>\$ 38,670,727.11</u>	<u>\$ 17,683,535,221.85</u>	<u>\$ 17,676,862,586.90</u>	<u>\$ 45,343,362.06</u>
LIABILITIES				
Payables	\$	\$	\$	\$
Funds Held for Others	38,670,727.11	50,680,942.46	44,008,307.51	45,343,362.06
Total Liabilities	<u>\$ 38,670,727.11</u>	<u>\$ 50,680,942.46</u>	<u>\$ 44,008,307.51</u>	<u>\$ 45,343,362.06</u>

SUPPLEMENTARY SCHEDULES

UNAUDITED
Comptroller Treasury – Fiscal (311)

UNAUDITED
Comptroller Treasury – Fiscal (311)

SCHEDULE 1

Balance Sheet – Arising from Custodial Operations

August 31, 2010

(With Comparative Totals for August 31, 2009)

	August 31, 2010	August 31, 2009
ASSETS		
Cash		
Cash on Hand		
Cash in Vault	\$ 494,244.61	\$ 360,533.35
Checks Returned by State Depositories	1,199,669.35	1,824,155.91
Total Cash Items on Hand	<u>1,693,913.96</u>	<u>2,184,689.26</u>
State Funds and Suspense and Trust		
Accounts in Depositories Banks		
Demand Accounts	50,042,702.94	55,811,261.24
Time Accounts & Bid TX	587,911,000.00	589,941,100.00
Total Cash in State Depositories	<u>637,953,702.94</u>	<u>645,752,361.24</u>
Cash in TTSTC Treasury Fed Acct.	19,815,903.79	102,263.31
Total Cash in State Depositories and TTSTC Treasury Fed Acct.	<u>657,769,606.73</u>	<u>645,854,624.55</u>
Total Cash on Hand and In Banks	659,463,520.69	648,039,313.81
Total Trust Funds on Deposit with U.S. Treasury Unemployment Trust Fund	39,690,810.00	39,690,810.00
Total Cash	<u>699,154,330.69</u>	<u>687,730,123.81</u>
Investment In Texas Treasury Safekeeping Trust Company	<u>1,000,000.00</u>	<u>1,000,000.00</u>
Short-Term Investments		
United States Government Securities	2,596,486,816.52	3,963,613,200.00
Commercial Paper	1,256,688,503.37	
Money Market Funds	2,451,000,000.00	1,765,440,763.36
Repurchase Agreements	5,300,000,000.00	1,217,000,000.00
Total Short-Term Investments	<u>11,604,175,319.89</u>	<u>6,946,053,963.36</u>
Long-Term Investments		
SBAs	10,892,622.85	12,601,830.02
Isreal Bonds	26,700,000.00	26,700,000.00
Government Backed Securities	2,203,414,522.54	2,586,960,779.35
Asset backed Securities	1,200,349,095.34	1,311,998,371.12
Corporate Obligations	531,690,180.98	924,261,439.50
TIPS	102,506,120.00	
United States Government Securities	14,261,908,657.31	13,661,611,815.00
United States Government Securities Lottery	1,255,278,098.25	1,218,803,595.82
Total Long-Term Investments	<u>19,592,739,297.27</u>	<u>19,742,937,830.81</u>
Securities Held in Trust – Both Corporate and Governmental		
State Funds Investment Accounts	87,060,007.45	115,285,429.00
Bonds and Securities Pledged to Guarantee State Depositories' Deposits	1,251,285,359.00	1,416,371,251.00
Other Securities Pledged under Statutory Requirements	1,782,891,572.10	1,670,263,048.00
Total Securities Held in Trust – Both Corporate and Governmental	<u>3,121,236,938.55</u>	<u>3,201,919,728.00</u>
Accounts Receivable		
Interest Receivable	<u>58,100,050.43</u>	<u>79,257,703.43</u>
Total Assets – Arising From Custodial Operations	<u>\$ 35,076,405,936.83</u>	<u>\$ 30,658,899,349.41</u>

Concluded on the following page

UNAUDITED
Comptroller Treasury – Fiscal (311)

SCHEDULE 1 (concluded)

Balance Sheet – Arising from Custodial Operations

August 31, 2010

(With Comparative Totals for August 31, 2009)

	August 31, 2010	August 31, 2009
LIABILITIES AND ACCOUNTABILITY		
Liabilities		
Accounts Payable- Warrants Outstanding		
State Funds and Suspense and Trust Accounts	\$ 578,496,553.28	\$ 738,200,976.24
Obligations under Reverse Repurchase Agreements	75,911,531.75	92,415,150.25
Pending Purchases		
Interest Payable	21.11	26.20
Total Liabilities	<u>654,408,106.14</u>	<u>830,616,152.69</u>
Accountability		
Available Cash Balance and Investments:		
State Funds and Suspense and Trust Accounts	30,005,791,983.89	25,367,869,062.90
Fund 0895 Lottery Prize Trust Fund	1,255,278,098.25	1,218,803,595.82
Total Available Cash Balances and Investments	<u>31,261,070,082.14</u>	<u>26,586,672,658.72</u>
Trust Account – Unemployment Trust Fund	<u>39,690,810.00</u>	<u>39,690,810.00</u>
State Fund Investments	<u>87,060,007.45</u>	<u>115,285,429.00</u>
Trust Fund Securities:		
Collateral of Deposits	1,251,285,359.00	1,416,371,251.00
Pledged under Statutory Requirements	1,782,891,572.10	1,670,263,048.00
Total Trust Fund Securities	<u>3,034,176,931.10</u>	<u>3,086,634,299.00</u>
Total Accountability	<u>34,421,997,830.69</u>	<u>29,828,283,196.72</u>
Total Liabilities and Accountability – Arising from Custodial Operations	<u>\$ 35,076,405,936.83</u>	<u>\$ 30,658,899,349.41</u>

UNAUDITED
Comptroller Treasury – Fiscal (311)

SCHEDULE 2

Comparative Summary of Securities Held For State Investment Accounts

For the Fiscal Year Ended August 31, 2010

(With Comparative Memorandum Totals for the Fiscal Year Ended August 31, 2009)

	Percent	2010	2009	Increase- (Decrease)
BY CATEGORY				
Texas Water Development Board Funds				
TWDB-DFUND II Fund No. 0371		\$ 4,037,000	\$ 6,468,000	\$ (2,431,000)
TWDB-EDAP Fund No. 0375		712,000	829,000	(117,000)
Water Assistance Fund No. 0480		30,689,900	33,465,000	(2,775,100)
Water Loan Assistance Fund No. 0481		9,315,000	9,965,000	(650,000)
TWDB State Revolving Fund No. 0651		32,812,000	53,469,000	(20,657,000)
Texas Water Resource Finance Authority Fund No. 0751		7,394,107	8,889,429	(1,495,322)
Total Water Resources Funds		<u>84,960,007</u>	<u>113,085,429</u>	<u>(28,125,422)</u>
Other Funds				
Varner-Hogg State Park Account No. 0941		0	0	0
Real Estate Recovery Account No. 0971		2,100,000	2,200,000	(100,000)
Total Other Funds		<u>2,100,000</u>	<u>2,200,000</u>	<u>(100,000)</u>
Total All Funds		<u>\$ 87,060,007</u>	<u>\$ 115,285,429</u>	<u>\$ (28,225,422)</u>
BY TYPE OF SECURITY				
Corporate Stocks	0.00 %	\$ 0	\$ 0	\$ 0
U.S. Treasury Securities	37.67 %	32,789,900	10,543,000	22,246,900
U.S. Government Guaranteed Agencies Bonds, Notes, and Debentures				
and Debentures	0.00 %	0	25,122,000	(25,122,000)
School Districts, Junior College Districts, Cities, Counties				
and District Bonds	62.33 %	<u>54,270,107</u>	<u>79,620,429</u>	<u>(25,350,322)</u>
Totals	100.00 %	<u>\$ 87,060,007</u>	<u>\$ 115,285,429</u>	<u>\$ (28,225,422)</u>

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Comptroller Treasury – Fiscal (311)

SCHEDULE 3

Summary of Collateral Securities Pledged by State Depositories for All Types of Deposits

For the Fiscal Year Ended August 31, 2010

	PAR Value	Market Value
BY LOCATION		
In Custody Texas Treasury Safekeeping Trust Company:		
Demand and Time Accounts		
District Accounts	\$ 24,325,000	\$ 27,485,000
Total Held by Texas Treasury Safekeeping Trust Company	<u>24,325,000</u>	<u>27,485,000</u>
In Vaults of Trustee Banks:		
Demand and Time Accounts		
District Accounts	115,519,787	104,092,000
Nondistrict Accounts	<u>862,090,572</u>	<u>429,823,000</u>
Total in Vaults of Trustee Banks	<u>977,610,359</u>	<u>533,915,000</u>
Letters of Credit Held by Texas Comptroller	249,350,000	249,350,000 A
Total Pledged Collateral	<u>\$ 1,251,285,359</u>	<u>\$ 810,750,000</u>
BY FUND		
Time Depository Bonds Guaranty Account	<u>\$ 1,251,285,359</u>	<u>\$ 810,750,000 B</u>
Total Pledged Collateral	<u>\$ 1,251,285,359</u>	<u>\$ 810,750,000</u>

Note A: Includes Savings and Loan Associations. Includes 34 FHLB Letters of Credit from 8 Depositories valued at \$249,350,000.00

Note B: These amounts are exclusive of Federal Deposit Insurance Corporation Coverage

SCHEDULE 3(a)

Summary of Collateral Securities Pledged by State Depositories for All Types of Deposits

For the Fiscal Year Ended August 31, 2010

Securities pledged as collateral as of August 31, 2010 were categorized as follows:

Political Subdivision Securities

Moody's Investors Service Ratings	Percent of Collateral Pledged
AAA	12.95 %
AA	5.05
A	3.54
Subtotal	<u>21.54 %</u>

U.S. Government Securities

Description	Percent of Collateral Pledged
U.S. Treasury Bills	0.00 %
U.S. Treasury Notes and Bonds	6.00
Federal Home Loan Bank Debentures	5.95
Federal Home Loan Mortgage Corp	4.68
Federal Home Loan Mtg. Corp-Mtg. backed	8.75
Federal Farm Credit Bank	1.46
Federal National Mortgage Assn	5.05
Federal National Mtg Assn-Mtg. backed	4.06
Govt. Nat'l Mortgage Assoc	10.52
Federal Home Loan Bank Letters of Credit	31.99
Subtotal	<u>78.46</u>
TOTAL	<u>100.00 %</u>

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Comptroller Treasury – Fiscal (311)

SCHEDULE 4

Summary of Pledges Under Statutory Requirements

For the Fiscal Year Ended August 31, 2010

Agency No.	Trust Fund No.	Agency/Fund Name	Securities Pledged
311	0908	COMPTROLLER-TREASURY FISCAL: Bond and Investment Companies Account	\$ 115,000
320	0936	TEXAS WORKFORCE COMMISSION: Unemployment Compensation Clearance Account	244
405	0940	TEXAS DEPARTMENT OF PUBLIC SAFETY: Motor Vehicle Proof of Responsibility Account	6,519,004
454	0893	TEXAS DEPARTMENT OF INSURANCE: Texas Worker's Compensation Self Insurance Trust Account	534,965,691
454	0921	TEXAS DEPARTMENT OF INSURANCE: Life, Health, Accident and Casualty Insurance Companies Account	1,214,625,716
537	5096	DEPARTMENT OF STATE HEALTH SERVICES: Perpetual Care Fund	26,665,916
TOTALS			<u>\$ 1,782,891,572</u>

Texas Treasury
Safekeeping Trust Company (930)

BASIC FINANCIAL STATEMENTS

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Texas Treasury Safekeeping Trust Company (930)

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Texas Treasury Safekeeping Trust Company (930)

EXHIBIT III

**Combined Statement of Net Assets –
Proprietary Fund**

August 31, 2010

	Total Proprietary Funds Fund (1004) U/F (1004)
ASSETS	
Current Assets:	
Cash and Cash Equivalents:	
Cash at Bank	\$ 52,448.19
Cash in State Treasury	583,167.32
Cash Equivalents	10,497,344.04
Receivables from:	
Interest and Dividends	3,610.28
Other	2,376,834.45
Prepaid Expenses	237,783.97
Total Current Assets	<u>13,751,188.25</u>
Non-Current Assets:	
Restricted:	
Cash in Bank	19,586,298.65
Investments	43,122.20
Capital Assets:	
Depreciable or Amortizable, Net	839,810.16
Total Non-Current Assets	<u>20,469,231.01</u>
Total Assets	<u>34,220,419.26</u>
LIABILITIES	
Current Liabilities:	
Payables from:	
Accounts Payable	951,731.37
Payroll Payable	1,571,962.61
Other	
Employees' Compensable Leave	351,665.10
Total Current Liabilities	<u>2,875,359.08</u>
Non-Current Liabilities: (Note 5)	
Employees' Compensable Leave	254,863.79
Total Non-Current Liabilities	<u>254,863.79</u>
Total Liabilities	<u>3,130,222.87</u>
NET ASSETS	
Invested in Capital Assets, Net of Related Debt	839,810.16
Unrestricted	30,250,386.23
Total Net Assets	<u>\$ 31,090,196.39</u>

The accompanying notes to the financial statements are an integral part of this statement.

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Texas Treasury Safekeeping Trust Company (930)

EXHIBIT IV

**Combined Statement of Revenues, Expenses,
and Changes in Net Assets – Proprietary Fund**

For the Fiscal Year Ended August 31, 2010

	Total Proprietary Funds Fund (1004) U/F (1004)
OPERATING REVENUES	
Operating Revenues – Management Fees	\$ 18,446,809.66
Total Operating Revenues	<u>18,446,809.66</u>
OPERATING EXPENSES	
Salaries and Wages	5,898,455.83
Payroll Related Costs	1,063,266.83
Professional Fees and Services	4,802,033.17
Travel	86,623.94
Materials and Supplies	215,068.22
Communication and Utilities	390,748.27
Repairs and Maintenance	338,390.45
Rentals and Leases	96,773.94
Printing and Reproduction	10,756.41
Depreciation and Amortization	643,330.06
Other Operating Expenses	459,834.65
Total Operating Expenses	<u>14,005,281.77</u>
Operating Income (Loss)	<u>4,441,527.89</u>
NONOPERATING REVENUE (EXPENSES)	
Investment Income (Expense)	53,444.96
Settlement of Claims	(9,192.06)
Total Nonoperating Revenues (Expenses)	<u>44,252.90</u>
Income (loss) before Other Revenues, Expenses, Gains/Losses and Transfers	<u>4,485,780.79</u>
OTHER REVENUES, EXPENSES, GAINS/LOSSES, AND TRANSFERS	
Transfers Out	
Transfer In	
Total Other Revenues, Expenses, Gains/Losses, and Transfers	<u>0.00</u>
Change in Net Assets	<u>4,485,780.79</u>
Total Net Assets, September 1, 2009	20,903,542.94
Restatements	
Total Net Assets, September 1, 2009, as Restated	<u>26,604,415.60</u>
Total Net Assets, August 31, 2010	<u><u>\$ 31,090,196.39</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

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Texas Treasury Safekeeping Trust Company (930)

EXHIBIT V

Combined Statement of Cash Flows – Proprietary Fund

For the Fiscal Year Ended August 31, 2010

	Total Proprietary Funds Fund (1004) U/F (1004)
CASH FLOWS FROM OPERATING ACTIVITIES	
Proceeds from Loan Programs	\$
Proceeds from Other Revenues	18,442,170.68
Payments to Employees	(6,892,105.76)
Payments for Other Expenses	(6,442,219.75)
Net Cash Provided by Operating Activities	<u>5,107,845.17</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Payments for Additions to Capital Assets	(413,300.39)
Net Cash Used for Capital and Related Financing Activities	<u>(413,300.39)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from Interest and Investment Income	40,761.07
Payments to Acquire Investments	<u>40,761.07</u>
Net Cash Provided by Investing Activities	<u>40,761.07</u>
Net (Decrease) in Cash and Cash Equivalents	4,735,305.85
Cash and Cash Equivalents – September 1, 2009	25,983,952.35
Cash and Cash Equivalents – August 31, 2010	<u>\$ 30,719,258.20</u>
Reconciliation of Operating Income to Net Cash Used by Operating Activities:	
Operating Income	\$ 4,441,527.89
Adjustments to Operating Income to Net Cash Used by Operating Activities:	
Classification Differences	(9,192.06)
Depreciation Expense	643,330.06
Changes in Assets/Liabilities:	
(Increase) Decrease in Accounts Receivables	(4,638.98)
(Increase) Decrease in Prepaid Expenses	10,606.58
Increase (Decrease) in Payables	26,211.68
Net Cash Provided by Operating Activities	<u>\$ 5,107,845.17</u>
Displayed As:	
Cash at Bank	\$ 52,448.19
Cash in State Treasury	583,167.32
Cash Equivalents – Repurchase Agreements	10,497,344.04
Restricted Cash and Cash Equivalents	19,586,298.65
	<u>\$ 30,719,258.20</u>

The accompanying notes to the financial statements are an integral part of this statement.

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Texas Treasury Safekeeping Trust Company (930)

EXHIBIT VI

Combined Statement of Net Assets – Fiduciary Funds

August 31, 2010

	External Investment Trust Funds (Exhibit H-1)	Agency Funds (Exhibit J-1)	Totals
ASSETS			
Cash and Cash Equivalents (Note 3)			
Cash in Bank	\$	\$ 18,148.67	\$ 18,148.67
Investments (Note 3)			
US Government and Agency Obligations	6,159,360,401.16	201,070,408.00	6,360,430,809.16
Repurchase Agreements	9,482,259,196.80		9,482,259,196.80
Commercial Paper	603,745,185.71		603,745,185.71
Interest Receivable	6,666,477.59	571,997.40	7,238,474.99
Total Assets	<u>16,252,031,261.26</u>	<u>201,660,554.07</u>	<u>16,453,691,815.33</u>
LIABILITIES			
Payables From:			
Dividends Payable	3,245,607.00		3,245,607.00
Accounts Payable	371.59		371.59
Pending Purchase	259,960,000.00		259,960,000.00
Other Liabilities	660,200.83		660,200.83
Funds Held For Others		201,660,555.07	201,660,555.07
Total Liabilities	<u>263,866,179.42</u>	<u>201,660,555.07</u>	<u>465,526,734.49</u>
NET ASSETS			
Held in Trust For			
Pool Participants	15,988,165,081.84		15,988,165,080.84
Total Net Assets	<u>\$ 15,988,165,081.84</u>	<u>\$ 0.00</u>	<u>\$ 15,988,165,080.84</u>

The accompanying notes to the financial statements are an integral part of this statement.

EXHIBIT VII

Combined Statement of Changes in Fiduciary Net Assets

For the Fiscal Year Ended August 31, 2010

	External Investment Trust Funds (Exhibit H-2)
ADDITIONS	
Investment Income	
Interest and Investment Income	\$ 46,593,855.22
Expenses:	
Management Fees and Expenses	(8,910,981.31)
Net Income from Investing Activities	<u>37,682,873.91</u>
Total Additions	<u>37,682,873.91</u>
Net Increase (Decrease) in Participant Investments	<u>(1,825,810,550.40)</u>
Net Increase (Decrease) in Net Assets	<u>(1,788,127,676.49)</u>
Net Assets – Beginning	
Restatements	
Net Assets, September 1, 2009	<u>17,776,292,758.33</u>
Net Assets, August 31, 2010	<u><u>\$ 15,988,165,081.84</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

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Texas Treasury Safekeeping Trust Company (930)

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

GENERAL INTRODUCTION

The Texas Treasury Safekeeping Trust Company (“Texas Trust”) was created in 1986 by the 69th Legislature to provide a separate legal entity for the State Treasurer. The incorporation of the trust company was necessary to obtain direct access to services provided by the Federal Reserve System. The 77th Legislature amended the Texas Trust statute and the Texas Trust began operations as a separate State entity on September 1, 2001. The Comptroller of Public Accounts (Comptroller) is the single shareholder of the Texas Trust and is charged with managing the Texas Trust. Texas Trust is one of only two state-owned trust companies with direct access to the Federal Reserve System.

The Texas Trust is authorized to manage, disburse, transfer, safekeep and invest funds and securities provided by statute or belonging to state and local entities and gives the Comptroller direct access to services provided by the Federal Reserve System.

This section of the report includes only those funds and accounts from which the Texas Trust’s own departmental activities are financed. The Texas Trust’s fiscal function (Agency 930) is reported in a separate section of this report.

Due to the significant changes related to Governmental Accounting Standards Board Statement No.34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to be in compliance with generally accepted accounting principles (GAAP). The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

There are no component units in which the Texas Trust is financially accountable or any organization in which exclusion would create misleading or incomplete financial statements.

FUND STRUCTURE

The accompanying financial statements are presented on the basis of funds and account groups, each of which is considered a separate accounting entity. The funds and account groups used to reflect the Agency’s transactions are as follows:

Proprietary Fund Types

Enterprise Funds

Enterprise funds are used to report any activity for which a fee is charged to external users for services such as investment management and custodial services. The Texas Trust accounts for its daily operations using an enterprise fund. Operating revenues result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as investment earnings, result from nonexchange transactions or ancillary activities.

Fiduciary Fund Types

Agency Funds

Agencies use agency funds to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private

organizations, or other governments. The Texas Public Finance Authority Bond Escrow is used to hold funds for various defeased or refunded bonds.

External Investment Trust Funds

Agencies use external investment trust funds to account for the state's external portion of investment pools reported by the sponsoring government. The Texas Government Investment Pools (TexPool and TexPool Prime) are local government investment pools administered by the Texas Treasury Safekeeping Trust Company – Comptroller's office. The investor base consists of cities, counties, school districts, institutions of higher education, special districts, and other public entities of Texas.

BASIS OF ACCOUNTING

The Texas Trust financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. All enterprise fund types are accounted for using the accrual basis of accounting. This includes unpaid Employee Compensable leave. Revenues are recognized when they become both measurable and available. Expenditures are generally recognized when the related fund liability is incurred.

The Texas Trust has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement Number 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, which specifies that in addition to adopting all applicable GASB pronouncements, the Texas Trust has adopted Statements and Interpretations of the Financial Accounting Standards Board, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued prior to November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. Texas Trust has elected to follow only GASB Standards issued subsequent to November 30, 1989.

ASSETS, LIABILITIES, AND FUND BALANCES/NET ASSETS

ASSETS

Cash and Cash Equivalents

Short-term highly liquid investments with an original maturity of three months or less are considered cash equivalents.

Investments

Investments are reported at fair value based upon quoted market prices, with the change in fair value of investments captioned as Net Increase (Decrease) in the Fair Value of Investments, and interest income reported at the relevant stated interest rate.

NON-CURRENT RESTRICTED CASH AND CASH EQUIVALENTS

The Texas Trust maintains an account with the Depository Trust Company (DTC). In accordance with the agreement between DTC and the Texas Trust, \$80,361 in cash was held at DTC as of August 31, 2010, in order to maintain the account.

The Texas Trust has agreed to maintain a \$34,000,000 clearing balance within its Federal Reserve account. Earnings on the clearing balance are used to offset fees associated with its use of Federal Reserve services. The Texas Trust Federal Reserve account balance reported in Restricted cash on August 31, 2010 was \$19,505,937.65 from the Texas Trusts' Enterprise Fund. \$14,000,000.00 is reported in the Treasury Pools' cash in bank.

Non-Current Restricted Investments

The Texas Trust has a balance of \$43,122.20 in stock with the Depository Trust Company as of August 31, 2010.

Capital Assets

Assets with an initial, individual cost of more than \$5,000 for furniture and equipment and building and building improvements of more than \$100,000 and an estimated useful life in excess of one year are capitalized. These assets are capitalized

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at cost or, if any purchased, at appraised fair value as of the date of acquisition. Depreciation is charged to operations over the estimated useful life of each asset, using the straight-line method.

LIABILITIES

Accounts Payable

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Employees' Compensable Leave

Employees' Compensable Leave Balances represent the liability that becomes "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the statement of net assets.

FUND BALANCE/NET ASSETS

The difference between fund assets and liabilities is 'Net Assets' on the government-wide, proprietary and fiduciary fund statements, and the 'Fund Balance' is the difference between fund assets and liabilities on the enterprise fund statements.

Invested In Capital Assets, Net Of Related Debt

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bond, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted Net Assets

Restricted net assets result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets

Unrestricted net assets consist of net assets, which do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources, which are imposed by management, but can be removed or modified.

NOTE 2: Capital Assets

A summary of changes in General Fixed Assets for the year ended August 31, 2010, is presented below:

	PRIMARY GOVERNMENT					Balance 8/31/10
	Balance 9/1/09	Adjustments*	Reclassification	Additions	Deletions	
BUSINESS-TYPE ACTIVITIES						
Depreciable Assets:						
Building and Building Improvements	\$ 311,519.07	\$	\$	\$	\$	\$ 311,519.07
Furniture and Equipment	2,340,467.56	(1,837,060.42)		168,300.39		671,707.53
Total Depreciable Assets at Historical Costs	2,651,986.63	(1,837,060.42)	0.00	168,300.39	0.00	983,226.60
Less Accumulated Depreciation For:						
Building and Building Improvements	(201,875.63)			(31,152.00)		(233,027.63)
Furniture and Equipment	(1,380,271.17)	1,049,671.21		(105,025.03)		(435,624.99)
Total Accumulated Depreciation	(1,582,146.80)	1,049,671.21	0.00	(136,177.03)	0.00	(668,652.62)
Depreciable Assets, Net	1,069,839.83	(787,389.21)	0.00	32,123.36	0.00	314,573.98
Amortizable assets-intangible						
Computer software		1,837,060.42		245,000.00		2,082,060.42
Total amortizable assets-intangible	0.00	1,837,060.42	0.00	245,000.00	0.00	2,082,060.42
Less Accumulated amortization for:						
Computer software		(1,049,671.21)		(507,153.03)		(1,556,824.24)
Total accumulated amortization	0.00	(1,049,671.21)	0.00	(507,153.03)	0.00	(1,556,824.24)
Amortizable assets-Intangible, net	0.00	787,389.21	0.00	(262,153.03)	0.00	525,236.18
Business-type Activities Capital Assets, Net	1,069,839.83	0.00	0.00	(230,029.67)	0.00	839,810.16

NOTE 3: Deposits, Investments & Repurchase Agreements

All monies in funds established in the Texas Trust by the State Constitution or by an act of the Legislature are pooled for investment purposes. All monies of the Trust Company are invested according to Section 404.106 of the Government Code.

1. Investment Authority

A. Section 404.024 of the Government Code permits the investment of these funds in the following instruments:

1. fully collateralized time deposits in banks and savings and loan associations domiciled in the state which have been approved by the State Depository Board to receive state deposits;
2. direct security repurchase agreements;
3. reverse repurchase agreements;
4. direct obligations of, or obligations the principal and interest of which are guaranteed by the United States, its' agencies and instrumentalities;
5. bankers' acceptances that: (i) are eligible for purchase by the Federal Reserve System, (ii) do not exceed 270 days to maturity, and (iii) are issued by a bank that has received the highest short-term credit rating by a nationally recognized investment firm;
6. commercial paper that has received the highest short-term credit rating by a nationally recognized investment rating firm and does not exceed 270 days to maturity;
7. and, contracts written by the Comptroller in which the Comptroller grants the purchaser the right, for a fee, to purchase securities in the Texas Trust's marketable securities portfolio at a specified price over a specified period. These contracts are commonly known as covered call options. Uncovered option trading is specifically prohibited.

B. No more than 20% of the aggregate funds on deposit in financial institutions at any time may be placed by the Comptroller in savings and loan associations.

C. Repurchase and reverse repurchase agreements may be entered into by the Comptroller only with state or national banks doing business in Texas or primary dealers approved by the Federal Reserve System.

2. There were no significant violations of legal provisions during the period.

3. DEPOSITS OF CASH IN BANK

A. **Collateralization and Risk Categorization**—In accordance with state law, all amounts deposited in financial institutions above the amounts insured by the Federal Deposit Insurance Corporation are fully collateralized by the pledging, to the Texas Trust, of securities valued at market, excluding accrued interest. Generally the list of eligible securities includes all U.S. Government and most Agency Obligations, including certain mortgage backed securities issued by state agencies and political subdivisions within the State. All securities pledged to the Texas Trust must be held by any Federal Reserve Bank or one of its branches or the Texas Trust.

Securities pledged as collateral on August 31, 2010 were categorized under the Political Subdivision Securities, Moody's Investors Service Ratings AAA or U.S. Government Securities as U.S. Treasury Bills or U.S. Treasury Notes and Bonds.

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As of August 31, 2010 the balance of cash at bank and carrying amount of cash is presented below.

Bank Balance	\$ 19,788,240.69
Carrying Amount	\$ 19,656,895.51
Business-Type Activities	
Proprietary Funds Cash at Bank	\$ 52,448.19
Proprietary Funds Non-Current Restricted Cash at Bank	19,586,298.65
Cash in Bank per AFR	<u>\$ 19,638,746.84</u>
Fiduciary Funds	
Fiduciary Funds Cash at Bank	\$ 18,148.67
Total Cash at Bank	\$ 19,656,895.51

The Trust Company's contract with the Federal Reserve Bank permits the Trust Company to wire transfer funds for the purpose of facilitating investment transactions. Correspondingly, a minimum cash balance is maintained in the account to generate earnings credits sufficient to partially offset the costs of the services received. As these investment transactions occur, the Federal Reserve Bank requires that the Trust Company maintain a positive cash balance in the account intraday and at the end of the day.

4. INVESTMENTS

As of August 31, 2010 the carrying and fair value of investments are presented below. All securities are insured or registered by the Texas Trust or its agent in the Texas Trust's name. Therefore there is no custodial credit risk.

Carrying Value and Market Value As of 08/31/2010		
	Carrying Value	Fair Value
Business-Type Activities		
Repurchase Agreements	\$ 10,497,344.04	\$ 10,497,344.04
Equities	43,122.20	43,122.20
Total Business-Type Activities	<u>10,540,466.24</u>	<u>10,540,466.24</u>
Fiduciary Funds-TPFA Escrow		
US Treasury Securities	201,070,408.00	201,070,408.00
Total TPFA Escrow	<u>201,070,408.00</u>	<u>201,070,408.00</u>
Fiduciary Funds-Texpool & Texpool Prime		
US Government Agencies	6,159,360,401.16	6,160,217,763.60
Commercial Paper	603,745,185.71	603,892,979.17
Repurchase Agreements	9,482,259,196.80	9,482,225,896.80
Total Texpool & Texpool Prime	<u>16,245,364,783.67</u>	<u>16,246,336,639.57</u>
Total Fiduciary Investments	16,446,435,191.67	16,447,407,047.57
Total Categorized Investments	<u>\$ 16,456,975,657.91</u>	<u>\$ 16,457,947,513.81</u>

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its Obligation. The Trust Company only invests in overnight Repurchase Agreements which are collateralized by US Government Securities, US Government Agencies or Government Sponsored Enterprises. TexPool and TexPool Prime portfolios are designed and managed to ensure that they maintain a AAAm rating (or the equivalent) by a nationally recognized statistical rating organization ("NRSRO"). As of August 31, 2010 TexPool Prime's investments in commercial paper were rated A-1 by Standard & Poor's, P-1 by Moody's Investors Service, and F-1 by Fitch ratings. Standard & Poor's ranks both TexPool and TexPool Prime with the highest principal stability rating of AAAm.

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Standard & Poor's					
Fund Type	Fund	Investment Type	AAA	AA	N/R
05	1004	Repurchase Agreements	\$ 10,497,344.04		
18	3181	Repurchase Agreements	9,482,225,896.80		
18	3181	US Government Agencies	6,160,217,763.60		
			A-1	A-2	N/R
18	3181	Commercial Paper	603,892,979.17		

Concentration of credit risk. Up to 100% of Texpool and TexPool Prime assets may be invested in government obligations of the United States, its agencies, or instrumentalities. However, no more than 60% of the portfolio may be invested in variable rate notes. Up to 100% of Texpool and TexPool Prime assets may be invested in repurchase agreements. Up to 100% of Texpool and Texpool Prime assets may be invested in direct repurchase agreements. However, no more than 25% of Texpool and TexPool Prime assets may be invested in term repurchase agreements and no more than 5% of Texpool and TexPool Prime assets may be invested in term repurchase agreements with maturities exceeding 90 days. Up to 75% of TexPool Prime assets may be invested in commercial paper. However, no more than 25% of TexPool Prime assets may be invested in a single industry or business sector, provided that this limitation does not apply to securities issued or guaranteed by companies in the financial services industry. No more than 5% of TexPool Prime assets at the time of purchase may be invested in a single corporate entity. As of August 31, 2010 6.25% of the TexPool Prime assets were invested in commercial paper issued by Societe Generale North America Inc, 6.01% were invested in commercial paper issued by ING (US) Funding LLC, 6.01% were invested in commercial paper issued by Barclays U.S. FDG LLC, 6.01% were invested in commercial paper issued by Edison Asset Securitization, 5.61% were invested in commercial paper issued by Credit Agricole North America Inc, and 5.21% were invested in commercial paper issued by Fairway Finance Corporation . The percentage ownership was below 5% at the time of purchase. TexPool and TexPool Prime's investment policy has no limit on the amount it may invest on any single Govenmental Sponsered Enterprise. . More than 5% of the TexPool investments are with the Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association. These investments are 20.85%, 5.67% and 9.86%, respectively of total net assets.

Federal Home Loan Bank	\$3,072,921,770.75	20.85%
Federal Home Loan Mortgage Corporation	836,505,973.15	5.67%
Federal National Mortgage Association	1,454,028,789.00	9.86%

Interest rate risk. TexPool and Texpool Prime are operated as a 2a7-like pools. The weighted average maturity of the portfolio is limited to 60 days calculated using the reset date for variable rate notes ("VRNs") and 90 days or fewer using the final maturity date for VRNs, with the maximum maturity for any individual security in the portfolio not exceeding 397 days for fixed rate securities and 24 months for VRNs. The following schedule reflects the weighted average maturity by investment type and as a whole.

Investment Type	Weighted Average Maturity (Days)	
	TexPool	TexPool Prime
Repurchase Agreements	2	1
Commercial Paper	-	37
U.S. Government Agency Securities	65	112
Weighted Average Maturity	28	23

NOTE 4: Short-Term Debt

(Not Applicable)

NOTE 5: Summary of Long Term Liabilities

Changes in Long-Term Liabilities

During the year ended August 31, 2010, the following changes occurred in liabilities.

Business-Type Activities	Balance 9/1/09	Additions	Reductions	Balance 8/31/10	Amounts Due Within One Year
Compensable Leave	\$ 615,542.08	\$ 466,577.86	\$ 475,591.05	\$ 606,528.89	\$ 351,665.10
Total Business-Type Activities	\$ 615,542.08	\$ 466,577.86	\$ 475,591.05	\$ 606,528.89	\$ 351,665.10

Employees' Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from state employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in Governmental and/or Expendable Trust fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

NOTE 6: Capital Leases

(Not Applicable)

NOTE 7: Operating Lease Obligations

(Not Applicable)

NOTE 8: Interfund Balances/Activities

(Not Applicable)

NOTE 9: Contingent Liabilities

(Not Applicable)

NOTE 10: Continuance Subject to Review

(Not Applicable)

NOTE 11: Risk Financing and Related Insurance

(Not Applicable)

NOTE 12: Segment Information

(Not Applicable)

NOTE 13: Bonded Indebtedness

(Not Applicable)

NOTE 14: Subsequent Events

NOTE 15: Related Parties

The Texas Trust has entered into a services agreement with the Comptroller of Public Accounts (CPA). The agreement provides for specified rates based on hours of utilization. As of August 31, 2010, the Texas Trust paid CPA \$34,163.00 for services provided. At August 31, 2010, the Texas Trust had accrued \$9,489.00 for services provided by CPA and this amount is included in accounts payable.

NOTE 16: Stewardship, Compliance and Accountability

(Not Applicable)

NOTE 17: The Financial Reporting Entity and Joint Ventures

(Not Applicable)

NOTE 18: Restatement Of Fund Balances /Retained Earnings

(Not Applicable)

NOTE 19: Employees Retirement Plans

The State has joint contributory retirement plans for substantially all its employees. The Agency participates in the plans administered by the Employees Retirement System of Texas. Future pension costs are the liabilities of the Retirement System. The System does not account for each State agency separately. Annual financial reports prepared by the System include audited financial statements and actuarial assumptions and conclusions.

NOTE 20: Deferred Compensation

State employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in the TEX. GOV'T. CODE ANN., sec 609.001. Two plans are available for employees' deferred compensation plan. Both plans are administered by the Employees Retirement System.

The state's 457 plan complies with the Internal Revenue Code Sec. 457. Deductions, purchased investments and earnings attributed to the 457 plan are the property of the state subject only to the claims of the state's general creditors. Participant's rights under the plan are equal to those of the general creditors of the state in an amount equal to the fair market value of the 457 account for each participant.

The state has no liability under the 457 plan and it is unlikely that plan assets will be used to satisfy the claims of general creditors in the future. The state also administers another plan, 'Texsaver' created in accordance with Internal Revenue Code Sec. 401(k). However, the assets of this plan do not belong to the state nor does the state have a liability related to this plan.

NOTE 21: Donor-Restricted Endowments

(Not Applicable)

NOTE 22: Management Discussions and Allowances

The following events occurred at our agency:

The Texas Treasury Safekeeping Trust Company ("Texas Trust") was created in 1986 by the 69th Legislature to provide a separate legal entity for the State Treasurer. The incorporation of the trust company was necessary to obtain direct access to services provided by the Federal Reserve System, namely wire and custody services, and resulted in cost savings to the State of Texas. Texas Trust is one of only two state-owned trust companies with direct access to the Federal Reserve System.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

UNAUDITED
Texas Treasury Safekeeping Trust Company (930)

UNAUDITED
Texas Treasury Safekeeping Trust Company (930)

EXHIBIT H-1

**Combining Statement of Fiduciary Net Assets –
External Investment Trust Funds**

August 31, 2010

	Texas Treasury Safekeeping Trust Company TEXPOOL (9999) U/F (6050)	Texas Treasury Safekeeping Trust Company TEXPOOL/Prime (9999) U/F (7050)	Totals (Ex VI)
ASSETS			
Cash In Bank	\$	\$	\$
Investments			
US Government and Agency Obligations	6,110,180,773.86	49,179,627.30	6,159,360,401.16
Repurchase Agreements	8,877,521,196.80	604,738,000.00	9,482,259,196.80
Commercial Paper		603,745,185.71	603,745,185.71
Interest Receivable	6,654,869.56	11,608.03	6,666,477.59
Total Assets	<u>14,994,356,840.22</u>	<u>1,257,674,421.04</u>	<u>16,252,031,261.26</u>
LIABILITIES			
Dividends Payable	2,884,068.63	361,538.37	3,245,607.00
Accounts Payable	207.95	163.64	371.59
Pending Purchase	249,960,000.00	10,000,000.00	259,960,000.00
Other Liabilities	660,200.83		660,200.83
Total Liabilities	<u>253,504,477.41</u>	<u>10,361,702.01</u>	<u>263,866,179.42</u>
NET ASSETS			
Held in Trust For:			
Pool Participants	14,740,852,362.81	1,247,312,719.03	15,988,165,081.84
Total Net Assets	<u>\$ 14,740,852,362.81</u>	<u>\$ 1,247,312,719.03</u>	<u>\$ 15,988,165,081.84</u>

UNAUDITED
Texas Treasury Safekeeping Trust Company (930)

EXHIBIT H-2

Combining Statement of Changes in Fiduciary Net Assets – External Investment Trust Funds

For the Fiscal Year Ended August 31, 2010

	Texas Treasury Safekeeping Trust Company TEXPOOL (9,999) U/F (6050)	Texas Treasury Safekeeping Trust Company TEXPOOL/Prime (9,999) U/F (7050)	Totals (Ex VII)
ADDITIONS			
Investment Income			
Interest and Investment Income	\$ 41,635,464.80	\$ 4,958,390.42	\$ 46,593,855.22
Expenses:			
Management Fees and Expenses	(8,065,820.83)	(845,160.48)	(8,910,981.31)
Net Income from Investing Activities	33,569,643.97	4,113,229.94	37,682,873.91
Total Additions	33,569,643.97	4,113,229.94	37,682,873.91
Net Increase (Decrease) in Participant Investments	(1,500,116,993.74)	(325,693,556.66)	(1,825,810,550.40)
Net Increase (Decrease) in Net Assets	(1,466,547,349.77)	(321,580,326.72)	(1,788,127,676.49)
Net Assets, September 1, 2009	16,207,399,712.58	1,568,893,045.75	17,776,292,758.33
Net Assets, August 31, 2010	<u>\$ 14,740,852,362.81</u>	<u>\$ 1,247,312,719.03</u>	<u>\$ 15,988,165,081.84</u>

UNAUDITED
Texas Treasury Safekeeping Trust Company (930)

EXHIBIT J-1

Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2010

	Beginning Balance September 1, 2009	Additions	Deductions	Ending Balance August 31, 2010
Texas Public Finance Authority (9999) U/F (4000)				
ASSETS				
Cash in Bank	\$ 4,372.66	\$ 626,955,311.54	\$ 626,941,535.53	\$ 18,148.67
Interest and Dividend Receivable	726,303.46	2,449,444.64	2,603,750.70	571,997.40
Investments:				
(US Gov & Agencies Oblig)	77,853,515.00	255,301,859.07	132,084,966.07	201,070,408.00
Total Assets	<u>78,584,191.12</u>	<u>884,706,615.25</u>	<u>761,630,252.30</u>	<u>201,660,554.07</u>
LIABILITIES				
Funds Held for Others	78,584,192.12	381,049,940.85	257,973,577.90	201,660,555.07
Total Liabilities	<u>\$ 78,584,192.12</u>	<u>\$ 381,049,940.85</u>	<u>\$ 257,973,577.90</u>	<u>\$ 201,660,555.07</u>

UNAUDITED
Texas Treasury Safekeeping Trust Company (930)

Comptroller State Energy Conservation Office (907)

BASIC FINANCIAL STATEMENTS

UNAUDITED
Comptroller State Energy Conservation Office (907)

UNAUDITED
Comptroller State Energy Conservation Office (907)

EXHIBIT I

Combined Balance Sheet/Statement of Net Assets – Governmental Funds

August 31, 2010

	General Funds (Exh A-1)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Net Assets
ASSETS						
Current Assets:						
Cash:						
Cash in State Treasury	\$ 57,994,302.66	\$ 57,994,302.66	\$	\$	\$	\$ 57,994,302.66
Legislative Appropriations	1,350,512.46	1,350,512.46				1,350,512.46
Receivables From:						
Federal	9,040,790.20	9,040,790.20				9,040,790.20
Accounts Receivable	60,146.78	60,146.78				60,146.78
Interfund Receivables (Note 12)	2,353,109.30	2,353,109.30				2,353,109.30
Loans and Contracts	9,427,161.63	9,427,161.63				9,427,161.63
Total Current Assets	80,226,023.03	80,226,023.03	0.00	0.00	0.00	80,226,023.03
Non-Current Assets:						
Loans and Contracts	58,216,354.23	58,216,354.23				58,216,354.23
Interfund Receivables (Note 12)	7,503,316.28	7,503,316.28				7,503,316.28
Capital Assets (Note 2):						
Depreciable						
Furniture and Equipment						
Less Accumulated Depreciation						
Total Non-Current Assets	65,719,670.51	65,719,670.51	0.00	0.00	0.00	65,719,670.51
Total Assets	\$ 145,945,693.54	\$ 145,945,693.54	\$ 0.00	\$ 0.00	\$ 0.00	\$ 145,945,693.54

LIABILITIES AND FUND BALANCES

Liabilities:						
Current Liabilities:						
Cash in State Treasury						
Accounts	\$ 3,535,265.77	\$ 3,535,265.77	\$	\$	\$	\$ 3,535,265.77
Payroll	163,157.87	163,157.87				163,157.87
Interfund Payables (Note 12)						
Due to Other Agencies (Note 12)	1,279,155.34	1,279,155.34				1,279,155.34
Deferred Revenues	8,309,399.18	8,309,399.18				8,309,399.18
Employees Compensable Leave (Note 5)				109,321.27		109,321.27
Total Current Liabilities	13,286,978.16	13,286,978.16	0.00	109,321.27	0.00	13,396,299.43
Non-Current Liabilities:						
Employees Compensable Leave (Note 5)				109,897.52		109,897.52
Total Non-Current Liabilities	0.00	0.00	0.00	109,897.52	0.00	109,897.52
Total Liabilities	13,286,978.16	13,286,978.16	0.00	219,218.79	0.00	13,506,196.95

FUND FINANCIAL STATEMENT – FUND BALANCES

Fund Balances (Deficits):						
Reserved for:						
Encumbrances	815,917.39	815,917.39				815,917.39
Loans & Contracts	58,216,354.23	58,216,354.23				58,216,354.23
Interfund Loans	7,503,316.28	7,503,316.28				7,503,316.28
Unreserved/Undesignated	66,123,127.48	66,123,127.48				66,123,127.48
Total Fund Balances	132,658,715.38	132,658,715.38	0.00	0.00	0.00	132,658,715.38
Total Liabilities and Fund Balances	\$ 145,945,693.54	\$ 145,945,693.54				

GOVERNMENT-WIDE STATEMENT OF NET ASSETS

Net Assets:				
Restricted for:				
Employee Benefits (Note 5)		(219,218.79)		(219,218.79)
Total Net Assets	\$ 0.00	\$ (219,218.79)	\$ 0.00	\$ 145,945,693.54

The accompanying notes to the financial statements are an integral part of this statement.

UNAUDITED
Comptroller State Energy Conservation Office (907)

EXHIBIT II

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities – Governmental Funds

For the Fiscal Year Ended August 31, 2010

	General Funds (Exh A-2)	Governmental Funds Total	Capital Assets Adjustments	Long-Term Liabilities Adjustments	Other Adjustments	Statement of Activities
REVENUES						
Legislative Appropriations:						
Original Appropriations	\$ 561,997.00	\$ 561,997.00	\$	\$	\$	\$ 561,997.00
Additional Appropriations	25,862.81	25,862.81				25,862.81
Federal Revenue (Schedule 1A)	26,759,612.54	26,759,612.54				26,759,612.54
Interest and Investment Income	2,702,636.29	2,702,636.29				2,702,636.29
Other	(764,817.60)	(764,817.60)				(764,817.60)
Total Revenues	<u>29,285,291.04</u>	<u>29,285,291.04</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>29,285,291.04</u>
EXPENDITURES						
Salaries and Wages	1,652,950.91	1,652,950.91		18,041.77		1,670,992.68
Payroll Related Costs	365,125.45	365,125.45				365,125.45
Professional Fees and Services	1,764,058.22	1,764,058.22				1,764,058.22
Travel	38,696.02	38,696.02				38,696.02
Materials and Supplies	31,357.91	31,357.91				31,357.91
Communication and Utilities	2,818.93	2,818.93				2,818.93
Repairs & Maintenance	1,934.62	1,934.62				1,934.62
Rentals & Leases	28,419.31	28,419.31				28,419.31
Printing and Reproduction	2,996.13	2,996.13				2,996.13
Federal Pass-Through Expenditures (Schedule 1A)	2,430,761.18	2,430,761.18				2,430,761.18
State Pass-Through Expenditures (Schedule 1B)	567,165.87	567,165.87				567,165.87
Intergovernmental Payments	6,223,522.59	6,223,522.59				6,223,522.59
Public Assistance Payments	932,548.29	932,548.29				932,548.29
Other Expenditures	12,780,043.42	12,780,043.42				12,780,043.42
Total Expenditures/Expenses	<u>26,822,398.85</u>	<u>26,822,398.85</u>	<u>0.00</u>	<u>18,041.77</u>	<u>0.00</u>	<u>26,840,440.62</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,462,892.19</u>	<u>2,462,892.19</u>	<u>0.00</u>	<u>(18,041.77)</u>	<u>0.00</u>	<u>2,444,850.42</u>
OTHER FINANCING SOURCES (USES)						
Transfers In						
Transfers Out						
Total Other Financing Sources and Uses	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Change in Fund Balances/Net Assets	<u>2,462,892.19</u>	<u>2,462,892.19</u>				<u>2,444,850.42</u>
FUND FINANCIAL STATEMENT – FUND BALANCES						
Fund Balances – Beginning	130,195,823.19	130,195,823.19				130,195,823.19
Restatements						
Fund Balances, September 1, 2009, as Restated	<u>130,195,823.19</u>	<u>130,195,823.19</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>130,195,823.19</u>
Appropriations Lapsed						
Fund Balances – August 31, 2010	<u>\$ 132,658,715.38</u>	<u>\$ 132,658,715.38</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 132,658,715.38</u>
GOVERNMENT-WIDE STATEMENT OF NET ASSETS						
Net Assets/Net Change in Net Assets		<u>\$ 132,658,715.38</u>	<u>\$</u>	<u>\$ (18,041.77)</u>	<u>\$</u>	<u>\$ 132,640,673.61</u>
Net Assets – Beginning				(201,177.02)		(201,177.02)
Net Assets, September 1, 2009, as Restated			<u>0.00</u>	<u>(201,177.02)</u>	<u>0.00</u>	<u>(201,177.02)</u>
Net Assets – August 31, 2010		<u>\$ 132,658,715.38</u>	<u>\$ 0.00</u>	<u>\$ (219,218.79)</u>	<u>\$ 0.00</u>	<u>\$ 132,439,496.59</u>

The accompanying notes to the financial statements are an integral part of this statement.

Notes to the Financial Statements

NOTE 1: Summary of Significant Accounting Policies

ENTITY

The State Energy Conservation Office (SECO) is an agency of the State of Texas and its financial records comply with state statutes and regulations. This includes compliance with the Texas Comptroller of Public Accounts Reporting Requirements for State Agencies.

The function of the State Energy Conservation Office is to promote and provide for the efficient use of energy, while protecting human health and safety, and the environment. SECO administers and delivers a variety of energy efficiency and renewable programs that significantly impact energy cost and consumption in the institutional, industrial, transportation and residential sectors.

Due to the significant changes related to Governmental Accounting Standards Board Statement No.34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, the Comptroller of Public Accounts does not require the accompanying annual financial report to comply with all the requirements in this statement. The financial report will be considered for audit by the State Auditor as part of the audit of the State of Texas Comprehensive Annual Financial Report; therefore, an opinion has not been expressed on the financial statements and related information contained in this report.

There are no component units in which the State Energy Conservation Office is financially accountable or any organization in which exclusion would create misleading or incomplete financial statements.

FUND STRUCTURE

The accompanying financial statements are presented on the basis of funds, each of which is considered a separate accounting entity.

GOVERNMENTAL FUND TYPES & GOVERNMENT-WIDE ADJUSTMENT FUND TYPES

Governmental Fund Types

The General revenue Fund (Fund 0001) is the principle operating fund used to account for most of the state’s general activities. It accounts for all financial resources except those required to be accounted for in other funds. The Federal American Recovery and Reinvestment Act (ARRA) Fund (Fund 0369) is the operating fund used to account for federal stimulus program funds received by the state.

Long-Term Liability Adjustments

Long-Term Liabilities Adjustment fund (Fund 9997) will be used to convert governmental fund types’ debt from modified accrual to full accrual.

FIDUCIARY FUND TYPES

Agency Funds

Agency funds are used to account for assets the government holds on behalf of others in a purely custodial capacity. Agency funds involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

BASIS OF ACCOUNTING

The basis of accounting determines when revenues and expenditures or expenses are recognized in the accounts reported in the financial statements. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

Government fund types that build the fund financial statements are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized in the period in which they become both measurable and available to finance operations of the fiscal year or liquidate liabilities existing at fiscal year end. The State of Texas considers receivables collected within sixty days after year-end to be available and recognizes them as revenues of the current year for Fund Financial Statements prepared on the modified accrual basis. Expenditures and other uses of financial resources are recognized when the related liability is incurred.

Governmental adjustment fund types that will build the government-wide financial statements are accounted for using the full accrual basis of accounting. This includes capital assets, accumulated depreciation and unpaid Employee Compensable Leave. The activity will be recognized in these fund types.

BUDGET AND BUDGETARY ACCOUNTING

The budget is prepared biennially and represents appropriations authorized by the legislature and approved by the Governor (the General Appropriations Act). Encumbrance accounting is employed for budgetary control purposes.

Unencumbered appropriations are generally subject to lapse 60 days after the end of the fiscal year for which they were appropriated, unless the agency has authority to retain unexpended balances for use in future periods.

ASSETS, LIABILITIES, AND FUND BALANCES/NET ASSETS

ASSETS

Cash and Cash Equivalents

Short-term investments with maturities of three months or less at the time of purchase are reported as cash equivalents.

Federal Receivables-Current

This represents federal grant reimbursements including indirect costs that have been earned but not received.

Loans and Contracts

This represents the Loan STAR program, a low interest revolving loan program for energy retrofits benefitting public buildings, state agencies, school districts and local governments and hospitals.

LIABILITIES

Accounts Payable

Accounts Payable represents the liability for the value of assets or services received at the balance sheet date for which payment is pending.

Employees' Compensable Leave

Employees' Compensable Leave Balances represent the liability that become "due" upon the occurrence of relevant events such as resignations, retirements, and uses of leave balances by covered employees. Liabilities are reported separately as either current or non-current in the statement of net assets.

FUND BALANCE/NET ASSETS

The difference between fund assets and liabilities is ‘Net Assets’ on the government-wide, proprietary and fiduciary fund statements, and the ‘Fund Balance’ is the difference between fund assets and liabilities on the governmental fund statements.

Reservations for fund balance represent fund balances of governmental and fiduciary fund types that are legally restricted to a specific future use.

Reserved for Encumbrances

This represents commitments of the value of contracts awarded or assets ordered prior to year-end but not received as of that date. Encumbrances are not included with expenditures or liabilities. They represent current resources designated for specific expenditures in subsequent operating periods.

Reserved for Non-Current Loans and Contracts

A portion of fund balance reserved for advances to other funds, non-state agencies and governments do not represent expendable financial resources even though they are a component of net current assets. This account represents the non-current portion of the Lone STAR Revolving Loan Program.

Reserved for Non-Current Interfund Receivables

A portion of fund balance reserved for advances to other funds and state agencies do not represent expendable financial resources even though they are a component of net current assets. This account represents the non-current portion of the Lone STAR Revolving Loan Program.

Unreserved/Undesignated

This represents the unappropriated balance at year-end.

INTERFUND ACTIVITIES AND BALANCES

The State Energy Conservation Office has the following types of transactions between funds:

Interfund loans are reported as current and non-current interfund receivables which represents the Loan STAR Revolving Loan Program and reimbursements from funds within the agency. Under the classified reporting method, individual assets typically are categorized as either current or noncurrent based on whether they are expected to generate or use cash within 12 months of the end of the fiscal period.

Interfund transaction refers to interactions with legally separate entities such as other state agencies and is restricted to external events.

The composition of the agency’s Interfund activities and balances are presented in Note 12.

NOTE 2: Capital Assets

(Not Applicable)

NOTE 3: Deposits, Investments & Repurchase Agreements

(Not Applicable)

NOTE 4: Short-Term Debt

(Not Applicable)

NOTE 5: Long-Term Liabilities

Changes In Long-Term Liabilities

During the year ended August 31, 2010, the following changes occurred in liabilities.

Governmental Activities	Balance Sept. 1, 2009	Additions	Reductions	Balance Aug. 31, 2010	Amounts Due Within One Year	Amounts Due Thereafter
Compensable Leave	\$ 201,177.02	\$ 162,920.75	\$ 144,878.98	\$ 219,218.79	\$ 109,321.27	\$ 109,897.52
Total Governmental	<u>\$ 201,177.02</u>	<u>\$ 162,920.75</u>	<u>\$ 144,878.98</u>	<u>\$ 219,218.79</u>	<u>\$ 109,321.27</u>	<u>\$ 109,897.52</u>

Employees' Compensable Leave

A state employee is entitled to be paid for all unused vacation time accrued, in the event of the employee's resignation, dismissal, or separation from state employment, provided the employee has had continuous employment with the State for six months. Expenditures for accumulated annual leave balances are recognized in the period paid or taken in governmental fund types. For these fund types, the liability for unpaid benefits is recorded in the Statement of Net Assets. No liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

NOTE 6: Bonded Indebtedness

(Not Applicable)

NOTE 7: Capital Leases

(Not Applicable)

NOTE 8: Operating Leases

(Not Applicable)

NOTE 9: Retirement Plans

(Not Applicable)

NOTE 10: Deferred Compensation

(Not Applicable)

NOTE 11: Post employment Health Care and Life Insurance Benefits

(Not Applicable)

NOTE 12: Interfund Activities and Transactions

As explained in Note 1 on Interfund Transactions and Balances there are numerous transactions between funds and agencies. At year-end amounts to be received or paid are reported as:

- Interfund Receivable or Interfund Payable
- Due From Other Agencies or Due To Other Agencies

The agency experienced routine transfers with other state agencies, which were consistent with the activities of the fund making the transfer.

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Individual balances and activity at August 31, 2010, follows:

	Current Interfund Receivable	Current Interfund Payable	Purpose
Current Portion			
Appd Fund 5005, D23 Fund 0515			
Agency 537, Texas Dpt. Of State Health Services	\$ 103,160.59	\$	Lone Star Loan Prg
Agency 539, Department of Aging and Disabliltiy	156,356.61		Lone Star Loan Prg
Agency 711, A&M University (Main University)	522,738.38		Lone Star Loan Prg
Agency 715, Prairie View A&M University	584,256.00		Lone Star Loan Prg
Agency 744, UT Health Science Center at Houston	986,597.72		Lone Star Loan Prg
Total Interfund Receivable/Payable	<u>\$2,353,109.30</u>	<u>\$ 0.00</u>	
Non-Current Portion			
Appd Fund 5005, D23 Fund 0515			
Agency 537, Texas Dpt. Of State Health Services	\$ 577,578.04	\$	Lone Star Loan Prg
Agency 539, Department of Aging and Disabliltiy	1,011,830.90		Lone Star Loan Prg
Agency 711, A&M University (Main University)	425,816.04		Lone Star Loan Prg
Agency 715, Prairie View A&M University	2,974,385.18		Lone Star Loan Prg
Agency 744, UT Health Science Center at Houston	2,513,706.12		Lone Star Loan Prg
Total Interfund Receivable/Payable	<u>\$7,503,316.28</u>	<u>\$ 0.00</u>	
	Due From Other Agencies	Due To Other Agencies	Source
GENERAL REVENUE (01)			
Appr Fund 0001 - D23 Fund 0224			
Agency 712, D23 Fund 7999	\$	\$ 46,075.87	Federal P-T
Agency 719, D23 Fund 7999		12,791.24	Federal P-T
Agency 721, D23 Fund 7999		61,786.75	Federal P-T
Agency 761, D23 Fund 7999		20,037.62	Federal P-T
Appr Fund 0001 - D23 Fund 0225			
Agency 405, D23 Fund 0099		57,827.27	Federal P-T
Agency 582, D23 Fund 1515		296.15	Federal P-T
Agency 582, D23 Fund 5495		7,767.56	Federal P-T
Appr Fund 0001 - D23 Fund 2369			
Agency 401, D23 Fund 0449		766,698.22	Federal P-T
Agency 455, D23 Fund 0715		24,000.00	Federal P-T
Agency 745, D23 Fund 7999		25,883.30	Federal P-T
Agency 752, D23 Fund 7999		6,935.55	Federal P-T
Agency 757, D23 Fund 7999		76,940.00	Federal P-T
Appr Fund 0001 - D23 Fund 7370			
Agency 455, D23 Fund 7160		36,198.35	Federal P-T
Appr Fund 0001 - D23 Fund 0226			
Agency 304, D23 Fund 0001		7,617.64	Consumable Supplies
Appr Fund 0001 - D23 Fund 0510			
Agency 304, D23 Fund 0001		908.09	Consumable Supplies
Appr Fund 5005 - D23 Fund 0505			
Agency 304, D23 Fund 0001		2,224.27	Consumable Supplies
Appr Fund 5005 - D23 Fund 0515			
Agency 556, D23 Fund 7999		1,571.47	State P-T
Agency 712, D23 Fund 7999		87,567.05	State P-T
Agency 733, D23 Fund 7999		36,028.94	State P-T
Total Due From/To Other Agencies (Exh I)	<u>\$ 0.00</u>	<u>\$1,279,155.34</u>	

The detailed State Pass-Through information is listed on Schedule 1B-Schedule of State Grant Pass-Through From/To State Agencies.

NOTE 13: Continuance Subject to Review

(Not Applicable)

NOTE 14: Adjustment to Fund Balances/Net Assets

(Not Applicable)

NOTE 15: Contingencies and Commitments

(Not Applicable)

NOTE 16: Subsequent Events

(Not Applicable)

NOTE 17: Risk Management

(Not Applicable)

NOTE 18: Management Discussion and Analysis

Federally Funded Loan Program

State Energy Program (SEP- CFDA 81.041)

The Comptroller State Energy Conservation Office receives an annual grant from the U.S. Department of Energy (DOE) to provide funds for the State Energy Program. These low interest loans enable the municipalities to maximize their energy efficiency through building retrofits. The loans are paid back with funds saved from the reduction of energy costs.

American Recovery and Reinvestment Act (ARRA-CFDA 81.041)

During 2009, the State Energy Conservation Office began offering a revolving loan program made available by the Department of Energy through the American Recovery and Reinvestment Act of 2009. This program is a low interest loan program intended to assist governmental entities in financing their energy related cost reduction efforts utilizing the program's "Loan Assistance for Building Energy Efficiency and Retrofit Activities" established by the Notice of Loan Availability (NOLFA) issued in the Texas Register on October 30, 2009.

NOTE 19: The Financial Reporting Entity

(Not Applicable)

NOTE 20: Stewardship, Compliance and Accountability

(Not Applicable)

NOTE 21: N/A

(Not Applicable)

NOTE 22: Donor Restricted Endowments

(Not Applicable)

NOTE 23: Extraordinary and Special Items

(Not Applicable)

NOTE 24: Disaggregation of Receivable and Payable Balances

(Not Applicable)

NOTE 25: Termination Benefits

(Not Applicable)

NOTE 26: Segment Information

(Not Applicable)

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS

UNAUDITED
Comptroller State Energy Conservation Office (907)

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Comptroller State Energy Conservation Office (907)

EXHIBIT A-1

Combining Balance Sheet – All General and Consolidated Funds

August 31, 2010

	General Revenue Fund (0001) U/F (0001), (0224), (0225) (0226), (0227), (0228), (0369) (0510), (1369), (1999), (2000), (2369), (3369), (4369), (5369), (6369), (7369), (7370)	General Revenue Oil Overcharge Fund (5005) UF (0505), (0515) (0525), (0535), (0545) (2005), (5999), (9000)	Total (Exh I)
ASSETS			
Current Assets:			
Cash			
Cash in State Treasury	\$ 71,099.20	\$ 57,923,203.46	\$ 57,994,302.66
Legislative Appropriations	1,350,512.46		1,350,512.46
Receivables From:			
Federal	9,040,790.20		9,040,790.20
Accounts Receivable		60,146.78	60,146.78
Interfund Receivables (Note 12)	1,237,131.72	1,115,977.58	2,353,109.30
Loans and Contracts	1,321,715.85	8,105,445.78	9,427,161.63
Total Current Assets	<u>13,021,249.43</u>	<u>67,204,773.60</u>	<u>80,226,023.03</u>
Non-Current Assets:			
Loans and Contracts	1,826,398.06	56,389,956.17	58,216,354.23
Interfund Receivables (Note 12)		7,503,316.28	7,503,316.28
Total Noncurrent Assets	<u>1,826,398.06</u>	<u>63,893,272.45</u>	<u>65,719,670.51</u>
Total Assets	<u>\$ 14,847,647.49</u>	<u>\$ 131,098,046.05</u>	<u>\$ 145,945,693.54</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Current Liabilities:			
Payables From:			
Accounts	\$ 3,502,356.11	\$ 32,909.66	\$ 3,535,265.77
Payroll	147,565.68	15,592.19	163,157.87
Interfund Payables (Note 12)			
Due To Other Agencies (Note 12)	1,151,763.61	127,391.73	1,279,155.34
Deferred Revenues	226,603.70	8,082,795.48	8,309,399.18
Employees' Compensable Leave (Note 5)			
Total Current Liabilities	<u>5,028,289.10</u>	<u>8,258,689.06</u>	<u>13,286,978.16</u>
Non-Current Liabilities:			
Employees' Compensable Leave (Note 5)			
Total Non-Current Liabilities	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Liabilities	<u>5,028,289.10</u>	<u>8,258,689.06</u>	<u>13,286,978.16</u>
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances (Deficits):			
Reserved for:			
Encumbrances	430,173.13	385,744.26	815,917.39
Loans & Contracts	1,826,398.06	56,389,956.17	58,216,354.23
Interfund Loans		7,503,316.28	7,503,316.28
Unreserved/Undesignated	7,562,787.20	58,560,340.28	66,123,127.48
Total Fund Balances	<u>9,819,358.39</u>	<u>122,839,356.99</u>	<u>132,658,715.38</u>
Total Liabilities and Fund Balances	<u>\$ 14,847,647.49</u>	<u>\$ 131,098,046.05</u>	<u>\$ 145,945,693.54</u>

The accompanying notes to the financial statements are an integral part of this statement.

UNAUDITED
Comptroller State Energy Conservation Office (907)

EXHIBIT A-2

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – All General and Consolidated Funds

For the Fiscal Year Ended August 31, 2010

	General Revenue Fund (0001) U/F (0001),(0224), (0225) (0226), (0227), (0228), (0369) (1369), (0510), (1999), (2000)	General Revenue Oil Overcharge Fund (5005) UF (0505), (0515) (0525), (0535) (0545),(2005),(5999)	Total (Exh II)
REVENUES			
Legislative Appropriations:			
Original Appropriations	\$ 561,997.00	\$	\$ 561,997.00
Additional Appropriations	25,862.81		25,862.81
Federal Revenue (Schedule 1A)	26,759,612.54		26,759,612.54
Interest and Investment Income	93,525.02	2,609,111.27	2,702,636.29
Other	(820.86)	(763,996.74)	(764,817.60)
Total Revenues	<u>27,440,176.51</u>	<u>1,845,114.53</u>	<u>29,285,291.04</u>
EXPENDITURES			
Salaries and Wages	1,509,731.74	143,219.17	1,652,950.91
Payroll Related Costs	327,828.81	37,296.64	365,125.45
Professional Fees and Services	1,764,058.22		1,764,058.22
Travel	38,560.72	135.30	38,696.02
Materials and Supplies	28,669.85	2,688.06	31,357.91
Communication and Utilities	2,749.90	69.03	2,818.93
Repairs and Maintenance	1,934.62		1,934.62
Rentals & Leases	25,506.32	2,912.99	28,419.31
Printing and Reproduction	2,996.13		2,996.13
Federal Pass-Through Expenditures (Schedule 1A)	2,430,761.18		2,430,761.18
State Pass-Through Expenditures (Schedule 1B)		567,165.87	567,165.87
Intergovernmental Payments	6,129,698.23	93,824.36	6,223,522.59
Public Assistance Payments	477,073.57	455,474.72	932,548.29
Other Expenditures	12,779,526.61	516.81	12,780,043.42
Total Expenditures/Expenses	<u>25,519,095.90</u>	<u>1,303,302.95</u>	<u>26,822,398.85</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,921,080.61</u>	<u>541,811.58</u>	<u>2,462,892.19</u>
OTHER FINANCING SOURCES (USES)			
Transfers In			
Transfers Out			
Total Other Financing Sources and Uses	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net Change in Fund Balances/Net Assets	1,921,080.61	541,811.58	2,462,892.19
FUND FINANCIAL STATEMENT – FUND BALANCES			
Fund Balances – Beginning	7,898,277.78	122,297,545.41	130,195,823.19
Restatements			
Fund Balances, September 1, 2009, as Restated	<u>7,898,277.78</u>	<u>122,297,545.41</u>	<u>130,195,823.19</u>
Appropriations Lapsed			
Fund Balances – August 31, 2010	<u>\$ 9,819,358.39</u>	<u>\$ 122,839,356.99</u>	<u>\$ 132,658,715.38</u>

The accompanying notes to the financial statements are an integral part of this statement.

UNAUDITED
Comptroller State Energy Conservation Office (907)

EXHIBIT J-1

Combining Statement of Changes in Assets and Liabilities – Agency Funds

August 31, 2010

	Beginning Balance Sep 1, 2009	Additions	Deductions	Ending Balance Aug 31, 2010
UNAPPROPRIATED RECEIPTS				
Suspense Fund (0900) U/F (0900)				
ASSETS				
Current				
Cash in State Treasury	\$ 289,479.18	\$ 8,445,173.16	\$ 8,563,962.43	\$ 170,689.91
Total Assets	<u>\$ 289,479.18</u>	<u>\$ 8,445,173.16</u>	<u>\$ 8,563,962.43</u>	<u>\$ 170,689.91</u>
LIABILITIES				
Current				
Funds Held for Others	\$ 289,479.18	\$ 8,445,173.16	\$ 8,563,962.43	\$ 170,689.91
Total Liabilities	<u>\$ 289,479.18</u>	<u>\$ 8,445,173.16</u>	<u>\$ 8,563,962.43</u>	<u>\$ 170,689.91</u>
Totals – All Agency Funds				
ASSETS				
Current				
Cash in State Treasury	\$ 289,479.18	\$ 8,445,173.16	\$ 8,563,962.43	\$ 170,689.91
Total Assets	<u>\$ 289,479.18</u>	<u>\$ 8,445,173.16</u>	<u>\$ 8,563,962.43</u>	<u>\$ 170,689.91</u>
LIABILITIES				
Current				
Funds Held for Others	\$ 289,479.18	\$ 8,445,173.16	\$ 8,563,962.43	\$ 170,689.91
Total Liabilities	<u>\$ 289,479.18</u>	<u>\$ 8,445,173.16</u>	<u>\$ 8,563,962.43</u>	<u>\$ 170,689.91</u>

The accompanying notes to the financial statements are an integral part of this statement.

UNAUDITED
Comptroller State Energy Conservation Office (907)

SUPPLEMENTARY SCHEDULES

UNAUDITED
Comptroller State Energy Conservation Office (907)

SCHEDULE 1A

Schedule of Expenditures of Federal Awards – ARRA

For the Fiscal Year Ended August 31, 2010

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Pass-Through From		Direct Program Amount	Total PT From & Direct Program
		Agy/ Univ. #	Agencies or Univ. Amount		
U.S. Department of Energy					
Direct Program:					
State Energy Program	81.041		\$	\$ 6,843,841.92	\$ 6,843,841.92
Pass Through To:					
Adjutant General's Department	81.041				
Railroad Commission of Texas	81.041				
U.T. Health Science Center at San Antonio	81.041				
University of North Texas	81.041				
West Texas A&M	81.041				
Pass Through To Non-State Agency	81.041				
Total State Energy Program			<u>0.00</u>	<u>6,843,841.92</u>	<u>6,843,841.92</u>
Direct Program:					
Energy Assurance Planning	81.122			336,355.74	336,355.74
Pass Through To:					
Railroad Commission of Texas	81.122				
Public Utilities Commission of Texas	81.122				
Total State Energy Program			<u>0.00</u>	<u>336,355.74</u>	<u>336,355.74</u>
Direct Program:					
State Energy Efficient Appliance Rebate Program	81.127			12,985,478.34	12,985,478.34
Total State Energy Program			<u>0.00</u>	<u>12,985,478.34</u>	<u>12,985,478.34</u>
Direct Program:					
Energy Efficiency & Conservation Block Grant	81.128			1,791,704.42	1,791,704.42
Pass Through To Non-State Agency	81.128				
Total State Energy Program			<u>0.00</u>	<u>1,791,704.42</u>	<u>1,791,704.42</u>
Total U.S. Department of Energy			<u>\$ 0.00</u>	<u>\$ 21,957,380.42</u>	<u>\$ 21,957,380.42</u>

The accompany notes to the financial statements are an integral part of this statement.

UNAUDITED
Comptroller State Energy Conservation Office (907)

Agy/ Univ. #	Pass-Through To		Expenditures Amount	Total PT To & Expenditures
	Agencies or Univ. Amount	Non-State Entities Amount		
	\$	\$	\$ 1,220,846.84	\$ 1,220,846.84
401	766,698.22			766,698.22
455	24,000.00			24,000.00
745	25,883.30			25,883.30
752	6,935.55			6,935.55
757	76,940.00			76,940.00
		4,722,538.01		4,722,538.01
	<u>900,457.07</u>	<u>4,722,538.01</u>	<u>1,220,846.84</u>	<u>6,843,841.92</u>
455	102,241.03			102,241.03
473	234,114.71			234,114.71
	<u>336,355.74</u>	<u>0.00</u>	<u>0.00</u>	<u>336,355.74</u>
			12,985,478.34	12,985,478.34
	<u>0.00</u>	<u>0.00</u>	<u>12,985,478.34</u>	<u>12,985,478.34</u>
			1,043,880.93	1,043,880.93
		747,823.49		747,823.49
	<u>0.00</u>	<u>747,823.49</u>	<u>1,043,880.93</u>	<u>1,791,704.42</u>
	<u>\$ 1,236,812.81</u>	<u>\$ 5,470,361.50</u>	<u>\$ 15,250,206.11</u>	<u>\$ 21,957,380.42</u>

UNAUDITED
Comptroller State Energy Conservation Office (907)

SCHEDULE 1A

Schedule of Expenditures of Federal Awards – Non-ARRA

For the Fiscal Year Ended August 31, 2010

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Pass-Through From			Direct Program Amount	Total PT From & Direct Program
		Agy/ Univ. #	Agencies or Univ. Amount	Non-State Entities Amount		
U.S. Department of Energy						
Direct Program:						
State Energy Program	81.041		\$	\$	\$ 1,642,342.49	\$ 1,642,342.49
Pass Through To:						
Office of Rural and Community Affairs	81.041					
Texas Engineering Experiment Service	81.041					
Texas State Technical College System	81.041					
University of Texas - (BEG)	81.041					
Texas A&M International University	81.041					
Pass Through To Non-State Agency	81.041					
Pass Through To Non-State Agency (Loans)	81.041				1,657,281.77	1,657,281.77
Total State Energy Program			0.00	0.00	3,299,624.26	3,299,624.26
Direct Program:						
State Energy Program Special Projects	81.119				226,007.44	226,007.44
Pass Through To:						
Texas Engin. Extension Service	81.119					
Pass Through To Non-State Agency	81.119					
Total Energy Efficiency and Renewable Energy Program			0.00	0.00	226,007.44	226,007.44
Direct Program:						
Environmental Restoration (AIP)	81.502				913,059.80	913,059.80
Pass Through To:						
Texas Dept. of Pub. Safety	81.502					
Texas Dept. of State Health Services	81.502					
Texas Commission on Environmental Quality	81.502					
Pass Through To Non-State Agency	81.502					
Total Environmental Restoration			0.00	0.00	913,059.80	913,059.80
Direct Program:						
Transport of Transuranic Waste (WIPP)	81.106				224,820.31	224,820.31
Pass Through To:						
Texas Department of Public Safety	81.106					
Texas Dept. of State Health Services	81.106					
Total Transport of Transuranic Waste			0.00	0.00	224,820.31	224,820.31
Direct Program:						
Energy Efficiency and Renewable Energy	81.117				138,720.31	138,720.31
Pass Through To:						
Texas Engin. Extension Service – Tx A&M	81.117					
Total Energy Efficiency and Renewable Energy Program			0.00	0.00	138,720.31	138,720.31
Total U.S. Department of Energy			\$ 0.00	\$ 0.00	\$ 4,802,232.12	\$ 4,802,232.12

The accompany notes to the financial statements are an integral part of this statement.

UNAUDITED
Comptroller State Energy Conservation Office (907)

Agy/ Univ. #	Pass-Through To		Expenditures Amount	Total PT To & Expenditures
	Agencies or Univ. Amount	Non-State Entities Amount		
	\$	\$	\$ 756,574.73	\$ 756,574.73
357	43,122.22			43,122.22
712	158,712.29			158,712.29
719	37,198.54			37,198.54
721	95,268.86			95,268.86
761	30,547.95			30,547.95
		520,917.90		520,917.90
			1,657,281.77	1,657,281.77
	<u>364,849.86</u>	<u>520,917.90</u>	<u>2,413,856.50</u>	<u>3,299,624.26</u>
712	61,727.01			61,727.01
		164,280.43		164,280.43
	<u>61,727.01</u>	<u>164,280.43</u>	<u>0.00</u>	<u>226,007.44</u>
			208,918.56	208,918.56
405	114,911.99			114,911.99
537	193,757.41			193,757.41
582	157,090.02			157,090.02
		238,381.82		238,381.82
	<u>465,759.42</u>	<u>238,381.82</u>	<u>208,918.56</u>	<u>913,059.80</u>
			61,928.54	61,928.54
405	(479.28)			(479.28)
537	163,371.05			163,371.05
	<u>162,891.77</u>	<u>0.00</u>	<u>61,928.54</u>	<u>224,820.31</u>
712	138,720.31			138,720.31
	<u>138,720.31</u>	<u>0.00</u>	<u>0.00</u>	<u>138,720.31</u>
	<u>\$ 1,193,948.37</u>	<u>\$ 923,580.15</u>	<u>\$ 2,684,703.60</u>	<u>\$ 4,802,232.12</u>

UNAUDITED
Comptroller State Energy Conservation Office (907)

SCHEDULE 1A

Schedule of Expenditures of Federal Awards – Combined

For the Fiscal Year Ended August 31, 2010

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Pass-Through From			Direct Program Amount	Total PT From & Direct Program
		Agy/ Univ. #	Agencies or Univ. Amount	Non-State Entities Amount		
U.S. Department of Energy						
Direct Program:						
State Energy Program	81.041		\$	\$	\$ 8,486,184.41	\$ 8,486,184.41
Pass Through To:						
Office of Rural and Community Affairs	81.041					
Texas Engineering Experiment Service	81.041					
Texas State Technical College System	81.041					
University of Texas - (BEG)	81.041					
Texas A&M International University	81.041					
Adjutant General's Department	81.041					
Railroad Commission of Texas	81.041					
U.T. Health Science Center at San Antonio	81.041					
University of North Texas	81.041					
West Texas A&M	81.041					
Pass Through To Non-State Agency	81.041				1,657,281.77	1,657,281.77
Pass Through To Non-State Agency (Loans)	81.041					
Total State Energy Program			0.00	0.00	10,143,466.18	10,143,466.18
Direct Program:						
State Energy Program Special Projects	81.119				226,007.44	226,007.44
Pass Through To:						
Texas Engineering Experiment Service	81.119					
Pass Through To Non-State Agency	81.119					
Total Energy Efficiency and Renewable Energy Program			0.00	0.00	226,007.44	226,007.44
Direct Program:						
Energy Assurance Planning	81.122				336,355.74	336,355.74
Pass Through To:						
Railroad Commission of Texas	81.122					
Public Utilities Commission of Texas	81.122					
Total State Energy Program			0.00	0.00	336,355.74	336,355.74
Direct Program:						
State Energy Efficient Appliance Rebate Program	81.127				12,985,478.34	12,985,478.34
Total State Energy Program			0.00	0.00	12,985,478.34	12,985,478.34
Direct Program:						
Energy Efficiency & Conservation Block Grant	81.128				1,791,704.42	1,791,704.42
Pass Through To Non-State Agency	81.128					
Total State Energy Program			0.00	0.00	1,791,704.42	1,791,704.42
Direct Program:						
Environmental Restoration (AIP)	81.502				913,059.80	913,059.80
Pass Through To:						
Texas Dept. of Pub. Safety	81.502					
Texas Dept. of State Health Services	81.502					
Texas Commission on Environmental Quality	81.502					
Pass Through To Non-State Agency	81.502					
Total Environmental Restoration			0.00	0.00	913,059.80	913,059.80
Direct Program:						
Transport of Transuranic Waste (WIPP)	81.106				224,820.31	224,820.31
Pass Through To:						
Texas Department of Public Safety	81.106					
Texas Dept. of State Health Services	81.106					
Total Transport of Transuranic Waste			0.00	0.00	224,820.31	224,820.31
Direct Program:						
Energy Efficiency and Renewable Energy	81.117				138,720.31	138,720.31
Pass Through To:						
Texas Engin. Extension Service – Tx A&M	81.117					
Total Energy Efficiency and Renewable Energy Program			0.00	0.00	138,720.31	138,720.31
Total U.S. Department of Energy			\$ 0.00	\$ 0.00	\$ 26,759,612.54	\$ 26,759,612.54

The accompany notes to the financial statements are an integral part of this statement.

UNAUDITED
Comptroller State Energy Conservation Office (907)

Agy/ Univ. #	Pass-Through To		Expenditures Amount	Total PT To & Expenditures
	Agencies or Univ. Amount	Non-State Entities Amount		
	\$	\$	\$ 1,977,421.57	\$ 1,977,421.57
357	43,122.22			43,122.22
712	158,712.29			158,712.29
719	37,198.54			37,198.54
721	95,268.86			95,268.86
761	30,547.95			30,547.95
401	766,698.22			766,698.22
455	24,000.00			24,000.00
745	25,883.30			25,883.30
752	6,935.55			6,935.55
757	76,940.00			76,940.00
		5,243,455.91		5,243,455.91
			1,657,281.77	1,657,281.77
	<u>1,265,306.93</u>	<u>5,243,455.91</u>	<u>3,634,703.34</u>	<u>10,143,466.18</u>
712	61,727.01			61,727.01
		164,280.43		164,280.43
	<u>61,727.01</u>	<u>164,280.43</u>	<u>0.00</u>	<u>226,007.44</u>
455	102,241.03			102,241.03
473	234,114.71			234,114.71
	<u>336,355.74</u>	<u>0.00</u>	<u>0.00</u>	<u>336,355.74</u>
	<u>0.00</u>	<u>0.00</u>	<u>12,985,478.34</u>	<u>12,985,478.34</u>
			1,043,880.93	1,043,880.93
	<u>0.00</u>	<u>747,823.49</u>	<u>747,823.49</u>	<u>1,791,704.42</u>
			208,918.56	208,918.56
405	114,911.99			114,911.99
537	193,757.41			193,757.41
582	157,090.02			157,090.02
		238,381.82		238,381.82
	<u>465,759.42</u>	<u>238,381.82</u>	<u>208,918.56</u>	<u>913,059.80</u>
			61,928.54	61,928.54
405	(479.28)			(479.28)
537	163,371.05			163,371.05
	<u>162,891.77</u>	<u>0.00</u>	<u>61,928.54</u>	<u>224,820.31</u>
712	138,720.31			138,720.31
	<u>138,720.31</u>	<u>0.00</u>	<u>0.00</u>	<u>138,720.31</u>
	<u>\$ 2,430,761.18</u>	<u>\$ 6,393,941.65</u>	<u>\$ 17,934,909.71</u>	<u>\$ 26,759,612.54</u>

SCHEDULE 1A

Schedule of Expenditures of Federal Awards – Notes

For the Fiscal Year Ended August 31, 2010

Note 1 – Non-Monetary Assistance

The Comptroller's State Energy Conservation Office did not receive nonmonetary assistance for the reporting period.

Note 2 – Reconciliation

Below is a reconciliation of the total of federal pass-through and federal expenditures as reported on the Schedule of Federal Financial Assistance to the total of federal revenues and federal grant pass-through revenues as reported in the general-purpose financial statements. Generally, federal funds are not earned until expended; therefore, federal revenues equal federal expenditures for the reporting period.

Total Pass Through and Expenditures per Federal Schedule:

Per Combined Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds

Federal Revenue (Exh II)	<u>\$ 26,759,612.54</u>
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SCHEDULE 1B

**Schedule of State Grant Pass-Throughs
From/To State Agencies**

For the Fiscal Year Ended August 31, 2010

Pass-Through To:

Railroad Commission of Texas	(Agy #455)	\$ 21,749.08
Department of Agriculture	(Agy #551)	7,279.72
Texas Agriculture Life Research	(Agy #556)	3,220.22
Texas A&M University	(Agy #711)	9,153.61
Texas Engineering Experiment Station	(Agy #712)	254,261.78
Texas State Technical College System	(Agy #719)	51,283.83
University of Texas at Austin	(Agy #721)	77,856.78
University of Texas at El Paso	(Agy #724)	47,548.70
University of North Texas	(Agy #752)	82,299.77
Stephan F. Austin State University	(Agy #755)	13,395.93
West Texas A&M University	(Agy #757)	(883.55)
Total Pass-Through To Other Agencies	(Exh II)	<u>\$ 567,165.87</u>

The accompany notes to the financial statements are an integral part of this statement

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